



Posted 06.22.2009

50 Colorado companies: Fueling the economic fire

These fast-growing businesses are building tomorrow's economy

However many billions the federal government pumps into the economy, one truth rings clear: It will be business that will lift the country out of the doldrums and thrust it forward into the 21st century.



Here are 50 companies you can expect to help lead the way. These Colorado Companies to Watch are second-stage entrepreneurial enterprises that are investing in people, technology, infrastructure and their communities as they build their businesses.

And what a diverse collection of products and services they produce: craft beer, medicine, information technology, natural foods, pet products, camping equipment, biofuels, military combat simulations, online learning systems. They represent some of the state's biggest sectors, such as aerospace and biotechnology, and growing upstarts like new energy and sustainable products, and unheralded traditional sectors like manufacturing and agriculture.

"The business environment in Colorado pretty much lends itself to growing second-stage companies," Gov. Bill Ritter said. "Even in this downturn, we're still a state that relies very heavily on small business development as an economic driver. We're a state with a great entrepreneurial spirit."

From Denver to Durango, Golden to Grand Junction, Cortez to Colorado Springs, Lamar to Lakewood, businesses that are grappling with growth rather than survival are blooming around the state. Companies selected must be privately held, employ six to 99 workers, generate \$750,000 to \$50 million in sales or a similar range of working capital and be headquartered in Colorado.

From 2004 to 2008, these companies have generated nearly \$1.3 billion in revenue and added 1,400 employees – a 200 percent increase in revenue and 163 percent increase in jobs. This year, the companies expect to grow revenue by 44 percent and their work forces by 18 percent.

Colorado Companies to Watch is organized by the Colorado Office of Economic Development and International Trade in association with economic development councils throughout the state. The panel of independent judges selected the companies based on such factors as employee or sales growth, entrepreneurial leadership and sustainable competitive advantage.

The program was developed by the Edward Lowe Foundation, which was created in 1985 by the late creator of Kitty Litter and his wife, Darlene, to promote entrepreneurship. The foundation has established "Companies to Watch" programs in Arizona, Indiana, Mississippi and Michigan, which in 2005 became the first state to participate. Colorado's first class of companies in the program shares at least one important trait with its counterparts in other states.

"All these companies showed double-digit rates of growth on both employees and on revenue so that tells you that these really are indeed companies to watch," said Penny Lewandowski, director of entrepreneurship development for the Michigan-based Edward Lowe Foundation.

As you'll find in the pages that follow, many of these companies have been quietly building their businesses.

"What we were finding out with these second-stage companies was they often slide below the radar screen," Lewandowski said. "They are so busy working on their businesses; they aren't always typically the ones you see on the awards stage."

The program focuses not only on traditional measures of success but on such metrics as the impact companies have on their communities and how they have embraced technology. Even in economically distressed places like Michigan – where this year's awards event had its highest attendance ever – the program is finding dozens of silver linings.

"People get excited because there has been so much negative news – and a lot of that is realistic – but there are so many companies that are still doing so well," Lewandowski said.

HYDRO-X LLC

www.H2Xinc.com

SNAPSHOT: Based in the Southwest Colorado town of Bayfield near Durango, Hydro-X uses pressurized water and a vacuum to expose underground utilities, particularly lines that may be dangerous, delicate or expensive, so that client companies can safely excavate the lines with equipment such as a backhoe.

LEADERSHIP: Michael Clark has been CEO since the company's inception in 2000.

WORK FORCE: The company has grown steadily, from 24 employees in 2006 to 42 last year to a projected 45 in 2009.

MARKET NICHE: Hydro-X was one of the first U.S. companies to build a business around hydro excavation eight years ago. The company's client list includes some of the world's largest corporations, including

ExxonMobil, BP, ConocoPhillips, ChevronTexaco and others. It also has operating agreements with major engineering firms and the largest U.S. general contractors. From the outset, Hydro-X's only major competitor has been Badger Daylighting, a public company based in Canada. The company expects the hydro excavation industry to grow tenfold in the next five to seven years, from the current \$100 million per year to \$1 billion, and the firm believes it could well be the future outright leader in the industry.

GROWTH CURVE: Hydro-X projects revenue growth of 45 percent in 2009. Previous years were even more spectacular, with a revenue increase of 85 percent in 2008 and 64 percent in 2007.