



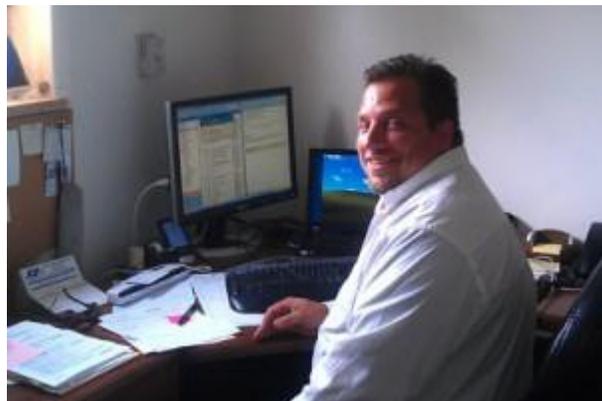
Servo Innovations

Exporting Services and Realizing Goals

August 2011

Servo Innovations (SI) provides customized calibration and testing services that reduce or eliminate equipment downtime. Predictive maintenance and expert diagnostics are the foundation of this system analysis work. SI, founded by Troy Diller, launched six years ago in Shelbyville, Michigan. Troy had been working for a company located in England offering similar services and was not only responsible for calibrations, but also the sales and installation functions. After a conversation with his father and a year and a half of inconsistent paychecks and no insurance, Troy decided to go out on his own.

Starting the new company was an important decision. As Troy evaluated his skills, he realized that he was essentially running a business by being the sole employee in the United States for a British company. Having the industry certifications and technology needed to move forward, Troy talked to his customer base to determine if he had enough of a following for a small service business. And follow they did! SI's first customers were well-known companies within Michigan. The company has grown significantly from its humble beginnings in Troy's basement and SI is currently planning to purchase land to build a facility that will meet long-term company needs.



When asked what the biggest challenge was in running a small business, Troy did not hesitate, "cash flow, cash flow, and cash flow!" he responded. An additional challenge was planning for the time constraints related to international travel. The majority of SI business is outside of West Michigan and 60% of these customers require airline travel with drive times of at least three hours for the remaining customers. As a service exporter, SI is required to participate in quarterly meetings for several customers in Canada and Mexico. At times, these challenges mean long days to ensure that job quotations, calibrations and service work are all completed.

Exporting services to Canada and Mexico meant that Troy learned the ins-and-outs of



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NAFTA. While governed under the same trade agreement, the two countries had very different compliance requirements. The Canadian requirements include a work permit because of the specialized nature of the work. In addition, Troy was required to show proof that he was employed and paid in the United States and the only person who could calibrate the equipment. Conversely, working in Mexico brought struggles with getting equipment into the country, but did not require any explanation of the type of work or qualifications required. Unfortunately, losing equipment in Mexico was common. At the end of the day, using an attorney was a requirement because border experiences seemed subjective and Troy needed expertise.

Troy found the SBTDC while looking for ways to reduce credit card service expenses. He discovered the SBTDC mailing list which provided additional resources to help Troy manage his business. Fiscal Fitness was the first class Troy attended. He met and began working with growth consultant Melissa Angel following the training session. Troy describes himself as a lone wolf but soon became intrigued by the available resources and continues to leverage SBTDC programs.



Troy's experiences with the SBTDC as a huge advantage to his business. An alumnus of Western Michigan University (WMU), he is pleased with the services provided through the partnership with WMU and Grand Valley State University. Both Melissa Angel and Carolyn Rourke provided specific expertise for SI. They helped Troy focus on his business and he describes the experience as "...the key support I needed in process definition and finance." The seminars and consulting provided by the SBTDC directly resulted in SI hiring a new employee in 2011. In addition, being connected the Michigan Job Commission increased the caliber of candidates SI interviewed.

In June 2011, Troy became involved in the PeerSpectives program, a CEO Roundtable offered through the SBTDC. A significant benefit to the program was the realization that each business owner struggles with the same challenges. The ability to share concerns and brainstorm solutions continues to help Troy. Financial concerns were eased when the SBTDC provided a thorough analysis and developed projections to assist in cash management and growth planning. Helping to get the loan package together allowed for a quick approval from the bank and SI now has the capital structure to support growth. The professional help was beneficial and improved his existing banking relationship. Troy feels he can grow the business in a more controlled manner and was able to eliminate expensive equipment leases.

Troy is optimistic about the future of his company. Within three years, SI is expected to exceed \$1 million in sales and employ a minimum of three full time technicians and expand to \$5 million and five technicians in the next five years. Expanding into new industries and having the facilities to conduct testing onsite are key growth initiatives.

Troy offered some great advice for someone starting a small business. "Be prepared for the worst and hope for the best...especially on the financial side. That is the hardest part! It is easy to



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overestimate positive results once you get a couple checks in the door and this is an important trap to avoid.”

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