

A champion of reinvention

Lesson: Expand your horizons

By [Elaine Grant](#)

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(Fortune Small Business) -- Prince isn't the only Minneapolis/St. Paul resident who likes to reinvent himself. Seven years ago, IntriCon ([IIN](#)) ([No. 22](#) on the [2008 FSB 100](#) list) was selling huge industrial furnaces to the steel industry. Today its business is "bodyworn devices," including miniature parts for hearing aids, sensors for medical devices, and wireless earpieces for government security agents.

All of these minuscule products rely on digital signal processing technology called "nanoDSP" and a low-power wireless technology, called Bodynet. The latter allows devices to transmit signals from one part of the body to another - for instance, from a belt-worn radio to an earpiece discreet enough for cinematic CIA renegade Jason Bourne.

Transformations this dramatic require leadership and vision, and CEO Mark Gorder, a 30-year company veteran, provided both.

"It was always my dream to run a technology company," says Gorder, 61, who grew up in Silicon Valley.

Gorder co-founded [Resistance Technology](#) (RTI) in 1977 to manufacture hearing aid components. In 1993, he and his partners sold it for \$22.2 million to the [Selas Corp. of America](#), a manufacturer of blast furnaces and truck lifts that was looking to diversify. Gorder stayed on, but found his delicate, lucrative components overshadowed by the elephants of the rust-belt world. Those elephants - Selas' furnaces - stomped on RTI's success. From 1998 to 2001, Selas sank \$20 million into these dying giants, most of it coming from the profitable RTI division.

At Gorder's urging, the Selas board finally decided to restructure around RTI's miniaturization expertise. The board named Gorder CEO in 2001, at which point he began a stressful four-year effort to divest the company's money-losing businesses. Simultaneously, he pushed Selas toward a broader vision of itself. Like a tire manufacturer who realizes he's in the transportation business, Gorder no longer saw RTI simply as an OEM maker of hearing aid parts. Rather, he envisioned an R&D powerhouse that would serve ravenous demand for ever-tinier wireless and digital components for the hearing, communications, and medical device markets.

To realize his expansive vision, Gorder embarked on a string of acquisitions and alliances, including a 2003 partnership with [AMI Semiconductor](#) to access key DSP and ultra-low-power (ULP) wireless technologies; last year it partnered with [Advanced Medical Electronics](#) to make wireless medical devices.

Signaling its transformation, in 2005 Selas changed its name to IntriCon, a mashup of "intricate connections." This January, IntriCon abandoned the American Stock Exchange for the Nasdaq, hoping to demonstrate its commitment to the high-tech industry.

So far, Gorder's reinvention strategy is paying off. Annual revenues rose by an average of 25.3% in each of the past three years, while earnings climbed an average 18.5%. Last year, IntriCon's sales climbed 33% to \$68.9 million; earnings jumped 61% to \$1.87 million. Components embedded in disposable needles and glucose monitors made the magic: the medical device business shot up 122%.

Last year, the Minneapolis investment firm [Punch & Associates](#) bought 25,000 shares at \$6.83 per share and later raised its stake to 50,000 shares. Punch bought in after IntriCon won a contract to make components for a blood glucose monitor - a win Punch senior analyst John Carraux says validates "management's overall strategy to monetize their proprietary technologies in all three of their end-markets."

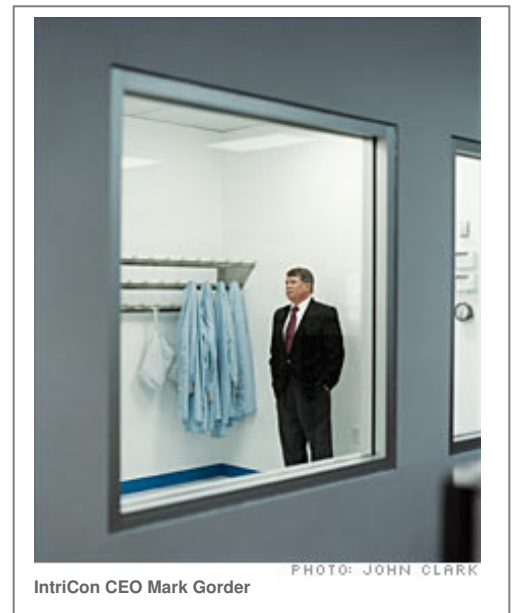
Carraux doesn't mind that other investors are paying little attention. "We feel that the company's improving prospects continue to be under-appreciated by the market," he says.

After climbing to \$15.54 per share in late '07, IIN sank to \$5.71 this March before recovering to around \$9. The volatility is partly due to the company's small float, just 4.8 million shares. IntriCon CFO Scott Longval predicts top-line growth of 10 to 15% this year, down from 33% in 2007.

Even so, Gorder is not about to settle in to a slow growth track.

"Roughly every 10 years," he says, "you have to recognize turning points in the market and then reinvent yourself to meet those turning points."

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IntriCon CEO Mark Gorder

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