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The Hard Part Is Getting Out of The Starting Blocks

When I start my three-mile run through my neighborhood every morning, the first mile is the toughest. From then on, I cruise. When I write columns like this, the first words are the most difficult. After that, they flow a little more easily.

Most entrepreneurs tell me it's the same with them. The hardest part of building a company is recruiting that first client.

Jeff Trexel, founder and president of Reston-based Infoition News Services, a morning news service for Capitol Hill and corporate executives, said nailing his first customer was a killer.

"The first client is by far the most difficult, because they have to take a chance on you," said Trexel, whose grandfather was an entrepreneur who ran a hardware store and real estate business in the 1950s.

Trexel, 35, was communications director for Rep. Judy Biggert (R-Ill.) when he had his "aha" moment walking down a street in Naperville, Ill., on a campaign jaunt in October 2002. He decided to use his experience to create an in-depth daily news summary customized for decision makers.

He jotted down a strategic plan detailing potential customers and people to contact. First on the list was Fairfax-based American Management Systems (AMS), which provides information-technology consulting to the federal government. Trexel had once worked at AMS, where his responsibilities included compiling a daily news summary for executives.

Getting in the door wasn't easy. He spent weeks trading phone calls and e-mails before getting an audience with the company. He knew that no one inside was compiling a daily news summary anymore. So he put together a sample of what he could do and printed copies.

"I had preexisting relationships, so that helped. It took four to six months to go from, 'Hey, I will take a look at the product' " to getting his first contract for \$2,000 a month.



BY MELINA MARA — THE WASHINGTON POST

Jeff Trexel, right, founded Infoition News Services. Paul McNeal is executive vice president and Bailey McCann is marketing manager of the company, which customizes news summaries for government and corporate clients.

With contract in hand, he quit his job on Capitol Hill.

I asked Trexel how he figured out what to charge his first client. He said he guessed. And it was a key mistake that stayed with him for years.

"Once you set precedents, it's hard to move the price up quickly," he said. "Clients two, three, four and five knew what the \$2,000 number was. So I sacrificed. Part of it was ignorance. But you've got to sacrifice for a business or you can't expect it to stick around very long."

But enough went right to get him launched.

AMS was acquired by CGI, a big Canadian company, in 2004. Infoition now sends customized summaries to at least three divisions at CGI, telling them where in the world their brand was mentioned in the past 24 hours and what kind of chatter is going on about their customers.

Trexel wouldn't tell me how much his CGI contract is currently worth, but it has grown to several times the original amount.

Word of Infoition then went viral.

After the CGI acquisition, AMS executives left for other companies, telling their new employers about Infoition. One former AMS colleague has worked at three other companies in the six years since leaving AMS. All three have become Infoition clients.

"People who used it . . . recommended me to others," Trexel said. "When they move, we move with them."

Trexel started ping-pong former congressional colleagues, which helped win a contract to serve the House Science and Technology Committee in 2004. Infoition is on contract with seven Capitol Hill committees.

"My network has been the key to our success," Trexel said in an e-mail.

Infoition has about 30 clients, and they pay between \$1,000 and more than \$10,000 a month for the "Morning News Summary," a customized roundup of 18 to 24 stories that include news items, competitor mentions, industry trends and contract awards.

In addition to the federal government and

CGI, clients include Arlington-based energy conglomerate AES Corp., giant truck manufacturer Navistar and six other Fortune 500 companies. Federal clients include the White House Office of Science and Technology Policy and the Federal Aviation Administration.

About 40 full- and part-time employees, most of whom are on their home computers starting at 3 a.m., gather information for their client's daily briefing. The report goes to clients via computer or handheld device.

Much like reporters and researchers, Infoition's employees comb through dozens of publications looking for things that a top executive must know. Did a competitor land a big contract? Was there a crime committed near the company's grounds? What is a lawmaker or pundit saying about the company? Is there legislation a firm needs to worry about?

"People pay us to do real grunt work," Trexel said.

The company is growing fast: revenue was \$235,000 in 2005, \$470,000 in 2006,

\$990,000 in 2007 and \$1.2 million last year. Trexel said the company didn't turn a profit until 2006, and he expects a 10 percent profit margin this year on revenue of about \$1.3 million. Payroll eats up about 60 percent of revenue; dozens of subscriptions to publications and research services eat up another big chunk.

Trexel owns about 60 percent of the company, takes a five-figure salary, and focuses on marketing and expansion. Paul McNeal, executive vice president, runs the day-to-day operations and owns about 20 percent. Trexel sold between 10 and 15 percent of Infoition to friends and former colleagues in 2005, raising about \$120,000 to build the business.

Trexel said he sees unlimited growth in online media, and he hopes to double or triple the number of clients with higher profits in the next few years.

"We have been running under the radar until now," he said. "But it's time to come out and play."