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Bercom, Inc.

As Seen in **Twin Cities**
December 2005 **BUSINESS MONTHLY**

LENDING A HAND TO DO-IT-YOURSELF PAINTERS.

Why didn't I think of that?" That's the first reaction Mark Bergman's HANDy Paint Pail gets from a lot of people.

One glance and it's obvious that the plastic pail with the adjustable hand strap and magnetized brush holder will make painting a room easier. Since Bergman launched his product in 2002, sales of the pail and its accessories have zoomed from \$800,000 to \$8 million annually for his company, Chaska-based Bercom, Inc. He expects to reach sales of \$12 million in 2006.

Bergman came up with his idea for the HANDy Paint Pail in the summer of 2000, while painting a bedroom in his Minnetonka home. He had poured paint into a Folger's coffee can, but his hand got tired as he carried it around the room. So he made a handle on the side out of duct tape, and also fashioned a duct-tape lip to wipe excess paint off his brush.

Chances are that plenty of others have tried this at home. But Bergman is a seasoned inventor and entrepreneur, with baby spoons, kids' shoelaces, and other start-up businesses to his credit. So instead of shoving his enhanced coffee can back in the basement, he showed it to friends and family and checked to see if anything like it was already on the market. There wasn't, so he applied for U.S. and European patents, and then started to raise financing, develop design prototypes, and find manufacturers and buyer representatives to get his pails into stores.

Within a year's time, he had raised \$250,000 in start-up funds from friends, family, and private investors, and secured a \$50,000 loan from Great Northern Bank in St. Michael. "I knew that money wasn't going to be the problem once they saw the product," Bergman says. By February 2002, he'd gone through three design prototypes and was ready to manufacture and ship the pail. The biggest hurdle he faced: getting a one-off product from a small, unknown company into major retail stores.

Even with a strong product, "persistence is the only way you're going to get in the door," Bergman says. He first got Minneapolis-based Hirshfield's to try the pail in its 28 stores. Then in March, Menards, based in Eau Claire, Wisconsin, rolled out the pail in all

180 of its stores without even testing the product. In 2003, Cleveland-based Sherwin-Williams followed with about 800 of its stores; it now has the pail in all 3,000 of its locations. Home Depot also picked up the pail in 2004, putting it in all 1,650 stores after Bergman made several trips to the big-box chain's headquarters in Atlanta. By now, do-it-yourselfers can buy a HANDy Paint Pail throughout the United States and Canada as well as parts of Europe, Australia, and New Zealand.

Imperial Custom Molding in Rogers manufactures the quart-sized original HANDy Paint Pail and a half-gallon-sized "pro-series" version, which holds a larger brush and a tray for a small roller. The pails retail for \$8 to \$10. Disposable pail liners, sold in packs of four for about \$3, are made in Wisconsin and Pennsylvania; Bercom now sells twice as many liners as pails. Disposable lids, which retail for \$1.99 for a four-pack, come from China. They account for 10 percent of Bercom's revenues, as do international sales. Imperial Custom Molding packages and ships all of the products from its warehouse. Bercom's seven employees work on order processing and marketing.

Bergman says he won't consider selling rights to his products. "Then it's not yours, and you maybe get 5 percent of net profits," he says. Instead, Bergman hopes to buy other paint-related products. "You've always got to be looking down the road for

how to expand the line, because as soon as you have a successful product on the market, buyers are always asking you, 'What's next?'" Packaging his products with others to make painting kits to sell into specialty paint stores or large retailers is an option. Bergman also plans to pursue maintenance and janitorial markets through catalog sales and trade shows.

This success didn't seem so sudden coming after his other business ventures, Bergman says, but this one feels right: "This is a tool I think will be around for a long time. It's a good feeling to get a product out there that people continue to appreciate after they use it."



Retail chains want to know what's next in Mark Bergman's line of HANDy Paint Pails and accessories.