

## KU SBDC and Sturgis Pretzel House Goes to Washington

The number of small businesses in the U.S. continues to grow. According to the U.S. Census Bureau, 2002 saw a 3.9 percent increase in the number small businesses from 2001, compared to only 2.7 percent increase from 2000 to 2001. At the same time the National Association of Manufacturers (NAM) reports that U.S. manufacturers continue facing severe economic challenges.

Across America, Small Business Development Centers (SBDCs) help manufacturers start, grow, and remain competitive in today's global economy. The assistance small manufactures receive from the SBDC can mean the difference between success and failure. Sturgis Pretzel House is an example of a small manufacturer not only surviving but excelling in a global economy.

On July 26, 2005 Bill Morgan, President of Sturgis Pretzel House, had the opportunity to describe to the legislative staff of the Manufacturing Caucus of the U.S. House of Representatives how SBDCs help small U.S. manufacturers succeed. Accompanied by Greg Higgins, State Director of the PA SBDCs and Martin Brill, Kutztown University (KU) SBDC international trade specialist; Morgan was one of only four manufacturers invited to the formal round-table discussion. The company has been a KU SBDC client for several years.



Other businesses participating on behalf of SBDCs were Michael Molander of LJ Fabricators, Inc., Rockford, Illinois; Mike Reinhardt of Sub Source, Inc., Rockford, Illinois; and Steve Sutker of Tavens Container, Cleveland, Ohio. Each participant had ten minutes to describe his business and how SBDCs have assisted them.



Greg Higgins, Director of the Pennsylvania SBDCs and Chairman of the SBDC Manufacturing Committee, introduced Morgan who distributed packages of gourmet pretzels to committee attendees. After donning a pretzel-maker's hat, Morgan gave a PowerPoint presentation highlighting the company's history, current challenges and the many ways the KU SBDC has assisted him, from the

initial analysis of the business with the prior owners to grant and loan opportunities. He described how the KU SBDC helped him with his business plan, sources for finance, grants from the state and federal government to support exports and accessing expertise in architecture, food technology and quality control programs. Morgan's final PowerPoint slide proclaimed, "More sales and more jobs generated through SBDC involvement."



Morgan was chosen to give the presentation because of the progressive thinking he has shown since purchasing Sturgis in January 2005. He says that in today's economy, small manufacturing companies need to be innovative and set themselves apart in order to survive. He took an ailing company with serious cash flow issues and is transforming it into a thriving enterprise. Imagine, exporting pretzels to Germany! He sums it up, "Sturgis Pretzel House is an old company with a new look." Brill sees a bright future

for Sturgis, stating "Bill Morgan has assembled a first class team of marketing and manufacturing expertise which will propel the company to greater sales, market differentiation and profitability. Sturgis Pretzel House is an excellent example of creativity, energy and ingenuity in small business today in the US."

The Sturgis Pretzel House history goes back a long way. The 1784 stone house that is the Sturgis headquarters was built as a fortress to ward off Indian attacks. Muskets were fired from its cellar windows (now Morgan's office). Legend has it that Julius Sturgis was baking bread in that same beautiful home when a homeless man gave him a recipe for pretzels in exchange for a meal. Just eleven years later, Julius stopped making bread and established the first commercial pretzel bakery in America.

The manufacturing business has changed quite a bit since then. One of the forward thinking ways that Morgan impressed the Congressional leaders was his realization that in order for a small company to compete today, it needs a niche or a specialty market. He decided to set Sturgis Pretzel House apart from all the other pretzel manufacturers with specialty gourmet snack foods. In addition to traditional pretzels, Sturgis now offers flavored pretzels such as jalapeno, Maryland crab, and apple cinnamon and raisin.

When purchasing Sturgis, Morgan also recognized that the Pretzel house alone didn't sell enough to support the business (the major reason for the former owner's cash flow problems). Morgan decided to form two separate entities – tourism and retail at the Sturgis Pretzel House and manufacturing with Sturgis Foods International.

A lot has changed since Julius Sturgis began baking pretzels and since Morgan purchased the company just nine months ago. Sturgis Pretzel House now welcomes over 50,000 tourists to the house annually, sells over 5,000 lbs of pretzels daily, and employs up to 15 employees. Today, Sturgis Pretzel House products are shipped around the world.

Christian Conroy, Associate State Director for the PA SBDC, said hearing success stories from Morgan and others who have received so much assistance from PA SBDCs, gave the Congressional staff and members the opportunity to learn about the value the SBDC provides small manufacturing businesses in Pennsylvania.

*For more information about Sturgis Pretzel House go to [www.sturgispretzel.com](http://www.sturgispretzel.com).  
To learn more about the KU SBDC go to [www.kutztownsbdc.org](http://www.kutztownsbdc.org).*