



CLEVELAND ROCKS

Driven by the challenges of 2020, Blue Technologies is ready to grow again in 2021.

By Scott Cullen

Paul Hanna, founder of Blue Technologies in Cleveland, Ohio, has a few reasons to feel good as 2020 comes to a close. Yet, at the same time, he also has a few good reasons to feel down. Business has declined about 34% year-over-year due to the downturn in print volume, particularly in the larger cities that Blue serves—Cleveland, Columbus, Akron, Canton—cities where people have mostly shifted to working remotely.

“It’s sickening because when I talk to people in the rural areas, they’re not experiencing that,” said Hanna. “But in the cities, people are just not in the office. It’s especially noticeable in Cleveland and Columbus.”

Blue was coming off a respectable 2019, but what has happened in 2020—with the rippling effects of the pandemic—threw every dealer, especially those serving metro markets, a curveball.

A silver lining is Blue Technologies’ managed-services business, an area that has been on the upswing the last four months. Another positive is that Blue Technologies is still profitable, and Hanna has not had to trim his workforce. Better yet, the dealership is adding to its headcount, mostly with sales positions where the talent pool has suddenly become ripe for the picking. Some of Blue’s new hires are former Xerox employees, including its vice president of sales who previously served as president of a Xerox location. Another ex-Xerox employee now runs Blue’s IT division.

“Normally, I don’t get that level of person,” said Hanna. “For us to grow, we need outside talent.”

Another plus is Blue’s vendor relationships. Its primary hardware vendor is Konica Minolta. The dealership also offers Lexmark and HP.



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1. Blue Technologies' headquarters in Cleveland, Ohio, and its fleet of vehicles ready to service customers.
2. Hanna (rear, center) at a recent Commitment to Excellence event he hosted to salute exemplary employees, just one way he demonstrates his support of his team.



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“They’ve been nothing but supportive,” said Hanna about Konica Minolta and Lexmark. “Everybody is stepping up and trying to do a good job.”

Blue’s Beginnings

Hanna began his career in the copier industry as a sales rep for Ohio Business Machines in 1986. After a standout football career at Purdue University and visions of playing in the NFL, Hanna was cut by the Cleveland Browns at the end of training camp. As one door closed, another opened, which ultimately changed his life and career path. Hanna acknowledged he was desperate when he took that position, but he was deadly serious about succeeding in his new career.

“I was 26 years old, married, had a baby at home, and I was broke, so there was extra motivation,” recalled Hanna. “People think this job is hard? Try and go through a training camp for 38 days and then get cut. I thought this job was a little easy.”



3. Blue Technologies President Paul Hanna
4. Hanna's desire to give back to the community has been heightened by the pandemic. Blue Technologie's Giving Tree had a different look this year as it was surrounded with gifts boxed for up to 75 families.



Over the next few years, Hanna honed his sales and management skills, readying himself to start a business. When Blue Technologies opened its doors in 1995, its copier supplier was Konica. That relationship has grown and flourished over time, and today, Blue Technologies is one of Konica Minolta's top dealers. One thing you can say about Hanna is that he is loyal.

"The same manufacturer, same leasing company, same attorney, and many of the same people that I started with are still here today," revealed Hanna.

He is satisfied with his vendors, and although he's flirted with the idea of taking on an additional A3 line, he hasn't.

"In some cases, it may have accelerated growth, but I'm loyal and have been treated well by Konica Minolta," said Hanna.

It's Tough Out There

Blue Technologies survived the economic

downturn of 2009, and despite what the dealership is currently experiencing, Hanna sees a light at the end of the tunnel.

"2008 was our biggest year up to that point," recalled Hanna. "In '09, our revenue went down 25%, and our profits went down 50%, but we were still profitable. This might be a little more extreme, but we have been able to maintain profitability. We're not growing, which is always a problem, and we're not laying people off, so obviously, it's our bottom line. When we come out of this, there's going to be a lot of pent-up motivation, and we'll be growing again."

Hanna credits retained earnings and being debt-free for the dealership's solvency during difficult times.

"I always prepared the company so that if we ever had a rainy day, I wouldn't have to make stupid decisions because I was short on cash," he said. "We're in a good cash position. Plus, the payroll protection program helped us a lot."

Hanna touts his long-time employees as reasons for the dealership's success. He has about 200 employees, which is a good number for the dealership's size and MIF.

"We run admin pretty lean; service, we're perfect," said Hanna. "We're always a little lean in sales because that's a never-ending battle. We are still trying to fill 16 positions, primarily in sales."

Blue has skewed toward seasoned sales reps with its most recent new hires, although Hanna and his management team realize the dealership's future depends on recruiting young talent.

"We are getting young people, but it's tough to find that millennial that comes out of the box selling," said Hanna.

IT is a Good Thing

The dealership first entered the IT business in 2012. Admittedly, Hanna wishes that segment of the business was doing



Blue Technologies annual C2E event honors its employees' dedication to the dealership's commitment to excellence.

better. Overall, he is satisfied with the results. Last year, IT accounted for \$22 million of Blue's revenues. That figure was mostly related to hardware. As a result, profitability was not as high as Hanna would have liked.

"We skidded off the tracks a little bit because we were trying to get our arms around it," he said. "Now that we do, I'm optimistic that 2021 is going to be a really good year for us in that space. The reoccurring revenue is building, and our satisfaction level with our customers has greatly improved."

The IT business was mostly built from the ground up and complemented by the IT company Blue acquired in 2013.

"That wasn't a perfect company, but it got us moving in the right direction with a lot of revenue," observed Hanna.

While other dealers reference the fickleness of IT personnel, that has been less of an issue for Hanna.

"The key is good management," he said. "Once you have good management pla-

ce, problems diminish. When we were weaker in the management end of that area, it seemed like there was a crisis every day. Once we added an experienced guy to run the sales end, the problems quieted down considerably."

As much as he sees the value in IT services and diversifying into new areas, Hanna remains a copier dealer at heart.

"The copier business is not done," stated Hanna. "It's going through some changes, but the manufacturers, especially Konica Minolta and Lexmark, have been smart in their approach, and we are following along those lines."

Diversification

The dealership is always open to new opportunities, but Hanna typically avoids the flavor of the month unless he sees a long-term opportunity.

"I try to see if we can get at least a million dollars in revenue out of it," he explained. "A lot of products haven't crossed that spectrum, so you spend a lot of money getting started."

When Hanna says \$1 million, he doesn't mean in the first year, but over a relatively short period of time. He's tried a few different things that haven't panned out, and the last thing he wants to do is diversify for the sake of diversification and diminish the dealership's reputation in the market.

"I'm trying to use my experience not to get in that position," he said.

Production print is another area where Hanna feels Blue can do better.

"We're searching hard to get the right person in there because Konica Minolta has some tremendous products, and it is a change in the way we've done business before. It's tough to find that right person."

Since COVID hit, he has taken a step back from exploring new product offerings other than those unveiled by his vendors.

"I'm going back to the basics and really driving to that, going after new business, new accounts—that's our sweet spot," he said. "And taking business away from competitors."



Hanna (center with plaque) was acknowledged with a Northeast Ohio Smart 50 Award by Smart Business Magazine in 2020.

Acquisition Strategy

In addition to the IT company, Blue Technologies has made a few other acquisitions over the years, including its branch in Canton, which it acquired from Edwards Business Machines, as well as a company in Columbus. It also acquired a small Konica Minolta dealer and partnered with Perry ProTech's Barry Clark, Hanna's best friend in the industry outside the walls of his own company, on an acquisition where each took a piece.

That sounds unusual, but Hanna emphasized that he and Clark do not compete in most regions of Ohio.

"I have to hold him to that loyalty, which isn't too difficult," said Hanna. "We're good allies."

All acquisitions were paid for in cash in keeping with Hanna's mantra of running a debt-free operation.

A couple of acquisitions were on the books for 2020, but those are on hold because of the pandemic. The difficulty of

valuing a company during a pandemic is the main reason acquisitions have been curtailed across the board.

"You either have to gamble and buy somebody on what they did in 2019, and I don't think a lot of guys are going to allow an evaluation based on 2020 with COVID," said Hanna.

Like most successful dealerships, Blue Technologies is high on many acquirers' wish lists, but Hanna has no intention of selling. He doesn't respond to queries most of the time, but when he does, he simply says, "We're buying, not selling."

Perhaps one reason for that response is his daughter, Lauren Masuga, Blue's director of sales. She has been with the company for ten years. After college she took a sales job with another company, but when Hanna and his team realized they needed to hire more millennials ("We are definitely not millennials," he said about his management team), he made her an offer. She's been a valuable asset ever since and keeping the family legacy alive.

What's Next?

Throughout our interview, Hanna noted numerous times that he expects 2021 to be better than 2020, and he reinforced that message again when I asked what's next.

"We're going to get back on the growth spurt," Hanna replied. "Revenues are still good. My goal is to get every division growing again. Once you start growing, it becomes contagious. After 2009, we had nine years of growth, then we shrunk a little."

He wants to go back and retrace the dealership's roots and embark on another nine years of growth.

"We've got a great company, we're in a good market, and we can do a lot better," said Hanna.

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Questions About This Story?

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