



Network Hardware Resale provides networking equipment at reduced prices.

# MOVING QUICKLY

*Network Hardware Resale, the largest supplier of pre-owned, refurbished and used Cisco hardware, is expanding domestically and across the globe.* —KIRSTEN SRINIVASAN

**B**USINESS HAS MOVED FAST AT NETWORK Hardware Resale since CEO Mike Sheldon joined the company in 2001. The company's ability to provide networking equipment at reduced prices for immediate delivery is resonating with the IT marketplace, he says. In addition, Sheldon has seen the business grow from \$25 million in 2001 to more than \$100 million today.

Network Hardware Resale was named to the *Inc.* 500 fastest-growing privately held companies four consecutive years before narrowly missing the list in 2004. The company is the largest provider of pre-owned, refurbished and used Cisco hardware worldwide.

Sheldon's father and brother founded the business in 1986 and appointed him CEO in December 2005. Both founders remain on the company's board of directors. "It certainly has been an adventure for me to step into this role, but so far, so good," Sheldon says.

"As we looked at where we want to be five years from now, we realized that we needed outside expertise and capital to grow the business to that level," Sheldon continues.

That's where the company's 2005 partnership with Allied Capital Corp. came in. Sheldon says the \$3.5 billion private equity firm "gives us access to capital and advice."

"They bought a minority interest in the company, so we retain full operational and voting control," he states. "We were pleased to find a financial partner that shares our vision for this company. They've been wonderful to work with."

In preparation for future growth, he says, the company made several key new hires, including Steve Gibbs, vice president of operations for warehouse and technical facilities. He is a Six Sigma black belt who has decades of experience with Raytheon and

## PROFILE

**Network Hardware Resale**  
[www.networkhardware.com](http://www.networkhardware.com)  
**2005 sales:** \$105 million  
**HQ:** Santa Barbara, Calif.  
**Employees:** 135  
**Products:** Network hardware  
**Mike Sheldon, CEO:** "My style is very much to allow people to thrive and run with their own ideas."

other large companies. Network Hardware Resale has used Six Sigma principles in its receiving and testing facility to standardize best practices and streamline its processes, Sheldon notes.

Network Hardware Resale also hired Vice President of Sales Bryan Siever, as well as Vice President of Marketing Rick Stevens, who has extensive networking industry experience that includes stints with Extreme Networks and Nortel Networks. Existing senior management also brings years of experience to the team, Sheldon notes.

The company is already putting "new plans into action," he says. "The team is very excited about the opportunity to participate. My style is very much to allow people to thrive and run with their own ideas."

He says the team has already "come up with wonderful improvements to our processes with regard to customer service, packaging, product testing procedures, improving employee training both operationally and technically, and we've made a number of changes to our Web site, including live chat and expanding the online product catalog."

The company has also translated its Web site into four languages, with plans to add another this year. It plans to expand with a satellite office in Asia in the first quarter of 2007.

"We've got a lot of plans, mostly to do what we do well already even better, to fill a valuable gap manufacturers are unable to fill because of their size and lack of attention to detail," he says. "We can deliver more quickly, sell the same

product cheaper, provide a better standard warranty than manufacturers and provide a better customer experience than OEMs."

The company opened its Amsterdam office in 2003, and annual sales in Europe have grown to \$30 million in three years, he notes. Sheldon expects its new satellite office in New York to help give sales a similar boost. That office was started in 2005 by two salespeople and had about \$5 million in sales last year. "We expect \$10 million this year and \$20 million the next," Sheldon states.

"We did business in New York before, but the difference proximity makes – the ability to visit and be available in the same time zone – is remarkable," he adds. "It's amazing how some of the simplest things you do to service the customer better end up having a remarkable effect."

The company may also open a satellite office in Latin America. The company already has the strongest capabilities in the industry, he says.

Network Hardware Resale also offers advantages over OEM manufacturers, he adds.

"Because it's not straight from the manufacturer, nothing is taken for granted, and everything gets thoroughly tested," he says. "We can provide unique service OEMs can't.

"We can provide fully configured systems ready to plug in and play. From the manufacturer, if you order 13 products, you get 13 sealed boxes you have to open and assemble, boot up and configure. We do all that work for our customers." ■

Network Hardware Resale technicians test all equipment in an onsite test lab



More than 2000 boxes are shipped each month from the company's warehouse in California.

