

Network Hardware enjoys wheeling, dealing



PHOTO COURTESY NETWORK HARDWARE RESALE

Network Hardware's warehouse can receive, certify, assemble and ship systems in a day.

By BARBARA PEARSON
Staff Writer

With a 3-and-a-half-year-old, a 21-month-old and a newborn baby at home, Mike Sheldon's family is growing almost as quickly as his company.

Network Hardware Resale logged a 2005 revenue of \$105.2 million, about an \$80 million increase from when President and Chief Executive Officer Sheldon first joined the company in 2001, just before he and his wife, Nancy, started their family.

"Investment banking and family doesn't mix super well," said Sheldon.

After graduating from MIT with a degree in philosophy, Sheldon became an investment banker at a company owned by UBS. His wife also worked for UBS, and when they decided to join the family business previously run by Sheldon's father and brother, it was a natural transition.

"We are not a manufacturing company, so what we sell, we have to buy as well," Sheldon said. "I was managing a portfolio of bonds before, now a portfolio of products, so it was really remarkable how similar it was to before."

By 2002, the company's revenue had increased to \$45 million from about \$25 million in 2001. Salesmanship, Sheldon said, is the key to success in his business. Network Hardware offers sales training twice a year. Seven salesmen were hired in January and eight will be trained in May, bringing the sales staff to 55.

"We've been able to maintain our productivity per salesman as we've grown from 2001 to today, training and hiring twice a year," said Sheldon.

In addition to salesmen, sales offices have been expanding. The Amsterdam office opened in 2003

and increased the company's revenue from \$3 million to \$30 million in three years, said Sheldon, who described the European facility as a parallel operation with support from the corporate headquarters.

Last year, the company opened an office in New Jersey to cater to New York customers, and has plans to add an office in Asia as well.

"In the future, we've got our eye on an office in Asia, as we have the time and focus to find the right place," Sheldon said. "We do a fair amount of business in Asia already with no office at all."

Until now, Network Hardware has been mostly affiliated with refurbished Cisco Hardware, but the next step in expansion is to increase their product line, including reselling new products as well as used.

"We're approaching a number of up-and-coming tech companies, like Cisco was six to 10 years ago," said Sheldon. "Then add them to our stable, if you will, so we can offer a wider range of our state of the art products."

The company is playing defense to make sure "we don't miss the next bus," Sheldon said. The strategy is working.

"Our budget for the year is \$132 million," Sheldon said. "We're 10 percent ahead of bud-

et, which puts us in the \$140 million range if we continue."

Sheldon also praised the skill and speed of its technicians as a contributor to customer satisfaction. "If you want to know what makes this company tick, it's really the warehouse operation," said Sheldon.

Unique in Network Hardware's operation is the availability of fully assembled systems in a shorter turnaround time. Once a component arrives at the warehouse, it can be identified, inspected, tested, certified and shelved in one day, Sheldon said. When an order comes in, those pieces can be assembled and shipped out the same day they came in.

"You'd think it's the finance people who want to save money, because we're also cheaper too...but the engineers just love us," he said. "We get them the equipment quickly and it's fully assembled."

Network Hardware Resale

Headquarters: Goleta
President: Mike Sheldon
2005 Revenue: \$105.2 million
Industry: Networking hardware

Source: Business Times research

5th Edition
2006

101
One Hundred
BUSINESS TIMES

Business in the fast lane

Presenting Sponsors:






Associate Sponsors:





