



Concordia
UNIVERSITY · SAINT PAUL

Strategic Business Insight

College of Business & Organizational Leadership

(651) 641-8226

Volume 1, July 2009



Greetings from the College of Business and Organizational Leadership at Concordia University in Saint Paul (and now offering degrees in Burnsville).

We would like to share with you strategic business insights from the experience of local Minnesotan companies.

We will be adding video components to these stories so that the materials can be used both in the classroom as well as the board room.

We will offer a company case study followed by expert commentary and suggested resources for further exploration.

We hope you will benefit from this series as it brings to you a core competency of our business programs from the undergraduate to the MBA – the development of business leaders who are strategic thinkers.

Bruce P. Corrie, PhD
Dean

Is Innovation all about IPODS?

Fabric Duct Systems Inc

Burnsville

<http://www.qsox.com/main.html>

Latest Revenue: N.A

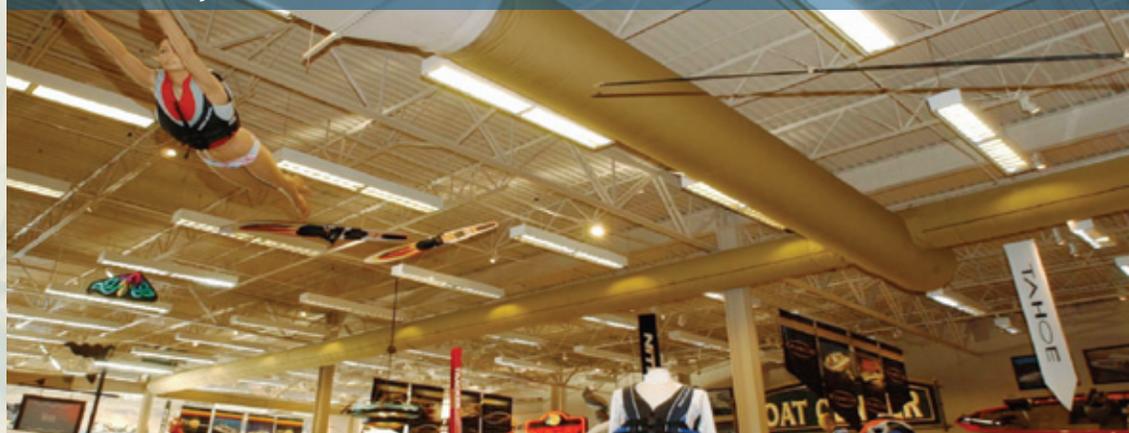
Employees: Variable

FDS engineers and manufactures the Q-Sox brand of HVAC air distribution systems primarily for high ceiling buildings like supermarkets, factories, warehouses, swimming pools, churches, and gymnasiums. Fabric ducts evenly distribute warm and cool air throughout buildings. FDS is a small player in a land of giant domestic and foreign competitors; it has to be innovative. FDS' point of differentiation is the use of polyester fabrics rather than sheet metal for the ducts.

Recent projects were completed in Minnesota, Florida, West Virginia, Washington, Pennsylvania and Texas. In 2008, FDS installed 118 duct systems in a chemical laboratory in Shanghai, China. Other international projects include Thailand, Guam, New Zealand, as well as Central and South America.



Recent Projects of Fabric Ducts, Inc.





Dr. Richard Brynteson
Professor of Management,
Concordia University

Is innovation all about iPods, wireless, and other high tech inventions?

Dr. Richard Brynteson, Professor of Management, Concordia University

No, in fact, many ways to innovate are available for businesses. Innovation can be very profitable, even in mundane product lines.

FDS innovates in three basic ways.

Product Innovation

First, fabric rather than sheet metal air ducts are an innovation, particularly in the United States. The polyester fabrics, which come in many colors eliminates painting and its labor costs. Second, installation labor time for fabric ducts is much less than metal ducts and requires only handyman skills. Third, fabric ducts are custom-made for each application. Finally, time for installation is reduced because no special tools are required

Business Process Innovation

FDS innovates with its business practices. As a virtual company, it employs a small core of personnel and operates with many subcontractors and suppliers. Given the success of the business, successful collaboration with many component suppliers to create a seamless system is innovative. This collaboration can make organizational changes easier, especially in the face of market changes.

Green Innovation

Fabric Duct Systems is a green company, reducing the environmental impact of duct design, off-jobsite duct fabrication, and duct installation. Most of FDS' suppliers are in Minnesota, which reduces shipping costs. Its products are fabric; fabric duct production consumes less energy than sheet metal production. Lighter weight fabric ducts also have lower shipping costs. Finally, the more uniform air distribution of a Q-Sox duct system equates to less energy consumption by the customer's HVAC system.

Innovation

Can a business in a non-sexy industry be innovative? You bet. There are many possible avenues of innovation: green, business systems, manufacturing techniques, installation, distribution, supplier selection, material selection, customer interfaces. Remember, coffee shops are not about coffee; they are about a "refuge" or meeting place which is neither work nor home. FDS' success shows that a small number of creative people can compete with big players on a global scale by being innovative in many areas of their development, production and distribution of their products.

Resources

Tom Kelley & Jonathan Littman (2001), *The Art of Innovation*. New York: Currency Books.
Peter Skarzynski and Rowan Gibson (2008), *Innovation to the Core*. Perseus Distribution Services.