

# The Learning ZoneXpress Team



# A HEALTHY MESSAGE

## Learning ZoneXpress has found a niche in an ever-changing market targeting nutrition, child development

By JERRY SMITH

Melanie Nelson is a survivor.

The Owatonna business owner has overcome obstacles of Biblical proportion — losing her business to fire one year, then four years later taking a major blow when the building she owned flooded, destroying virtually everything — and still has built Learning ZoneXpress into one of the top distributors of health, nutrition and life-skills learning products in the U.S. and worldwide.

“You can’t give up, even when faced with overwhelming odds,” Nelson said. “I’m a tenacious person and that served me well when this company experienced those setbacks.”

Nelson also has been served well by her background as a high school Family and Consumer Science teacher for 13 years. That experience is the true foundation of her business.

With that knowledge and a dream of owning her own business, Nelson founded Learning ZoneXpress in 1997, a company that creates products targeting nutrition, child development, financial literacy and life management skills.

Learning ZoneXpress develops, publishes and distributes educational products such as videos, posters, games, PowerPoint presentations, lesson plans and other learning tools. Nelson said that Family and Consumer Science programs in schools have been the primary market, but that LZE has found success in the fitness market, corporate wellness programs and food service management companies.

“The food pyramid really launched us because in 1995 the USDA changed the food pyramid,” Nelson said. “So what we did was come up with educational tools that would help teach what the pyramid meant.”

“That market (Family and Consumer Science) has continued to decline, so we’ve reached out to many other markets. Now we’re in about 14 markets, the biggest which is public health, WIC programs, professional health organizations and libraries with some corporate wellness and international education mixed in. Continued success

While Nelson credits her staff’s focus, knowledge and hard work for the company’s continued success, she’s quick to point out that one person has catapulted LZE to new heights. That person is Joyce Mattson, the chief operating officer for Learning ZoneXpress.

“She’s one of the main reasons we’ve grown to

where we are today,” said Nelson, who brought Mattson on three years ago. “In just a short time, she has helped lead this company in the right direction. We’re growing in part because of her knowledge and her energy.”

Learning ZoneXpress recently appeared on the Inc. com list of the 5,000 fastest-growing private companies in America. And, Nelson was recognized by Ernst & Young as a finalist for its prestigious Entrepreneur of the Year award in 2007. These accolades, along with double-digit growth each year during the span of its existence, show just how far Nelson has come from her humble beginnings in 1997.

“The difference that we make and our knowledge of the markets we are in really has launched Learning ZoneXpress on an accelerated path of growth and success,” Nelson said. “We’re making a difference.”

In a 35C interview, Melanie Nelson and Joyce Mattson talk about Learning ZoneXpress’ creative process, the role technology plays in the business and its vision of growth.

**Q: What in your background made you believe you could be a successful business owner in this market?**

Melanie: Two previous business experiences with partners. One with a former teacher called “You and Me” and one was with my former husband called “Pineapple Appeal.” Both of those were national companies and were more mail order in nature. At that point, after those two, I decided I could build a business on my own.

**Q: Before that was there any thought of going into business on your own?**

Melanie: In the classroom I was always innovative and came up with something new all of the time. With the family consumer science, I knew there were lots of opportunities and needs out there that weren’t being met.

**Q: Was there a need for the products Learning Zone Xpress creates? How did you arrive at that conclusion?**

Melanie: It really was following what was happening in the industry. What we found in the industry were big buyouts and consolidations, so there wasn’t anybody little and entrepreneurial like me, and nothing fresh and fun. Everybody was doing the same old, same old. So, we decided there was a need and opportunity there.

Joyce Mattson and Melanie Nelson



Joyce: We were able to make decisions quickly and to change rapidly. Melanie is very innovative with products, so we do more than 100 new products a year. There is a lot of change and creativity and fresh ideas all of the time.

**Q: What advice would you give other entrepreneurs thinking about venturing out on their own?**

Melanie: It really would be to have a passion for what you think is going to work. And then there is the idea of being a survivor and being tenacious and not giving up. The ability to morph is important, too. You really have to enjoy hard work. I’ve never shied away from hard work.

Joyce: That’s true.

**Q: What is the mission of Learning Zone Xpress?**

Melanie: It started as teacher products for teachers by teachers. We’ve really expanded that into life skill products and nutrition awareness. We’re not into behavior change. We’re really into nutrition and healthy messages, and that is what the posters have really done, as well as the videos. So, it’s really health messages.

Joyce: I would add to that Melanie’s passion is critical to our success. She’s passionate about finding people with a message and getting their product out there and enabling them to share information. We have the distribution channel from there. One of our greatest assets is that we have the customer base and existing distribution channels.

**Q: Is nutrition your main message?**

Melanie: That was really a morphing as well, because there is so much nutrition information out there. The government has all of these free posters and Websites for the food pyramid and things like that. Everybody has their own nutrition materials. We just saw sales growing and knew there was a need and decided to keep producing for that area. From the phone calls and shows, people said we need this and that and we just kept adding to our line.

Schools are 50 percent of our business. A major distributor just fell out of the picture in 2009 and we’re all reeling from that. We really are the force for family consumer science. The commodity groups aren’t out

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there giving away their free materials like they used to, so we do have a niche opportunity and it just grew.

Joyce: I really think we've been doing it (nutrition messaging) for some time and are ahead of the curve. We have products developed and now with the greater national awareness from Michelle Obama, we have been ahead of that, so now it's just natural that people find our information and find our messages and it fueled us to develop more, faster to stay ahead of the curve. We're really on the leading edge of a growing trend. Where better to be?

Melanie: I've always said I couldn't do this if I wasn't in Minnesota. With healthy choices, the environment and just being great resource people here, it's been more successful. The culture that you are brought up in is a higher level and there are higher standards than the rest of the country. An example of that was one of our own (employees) was just in New Orleans and she picked up trail mix and the gal at the checkout said 'I don't even know what this is.'

**Q: That being said, are the majority of your sales in Minnesota?**

Joyce: Not really. The Midwest is a larger segment for us, but it is really is national and even international. We're growing in Asia, Australia and the U.K. Otherwise, the big states have more just because of the sheer numbers.

**Q: There have been cutbacks in education all across the nation. You cater to the school nutrition programs. Has this affected your business?**

Joyce: We're still growing in the schools. It's very interesting. The school market is shrinking and our market share is growing. Our sheer numbers are still up pretty consistently in double digits. We're very impressed and thrilled that that continues to occur. We really believe that it's because of our product, because we know the core purchasing and the sheer number of family consumer science teachers is shrinking by double digits.

Melanie: That's why a major player dropped out. They had a very nice catalog and were very significant three years ago and they continued to drop in sales.

Joyce: In a shrinking market, we've been able to grow.

**Q: How have you remained successful in such a tough economy, where there are cutbacks in virtually everything?**

Melanie: Our sales were up just over 10 percent last year, and now they are up 12 percent this year, so far.

We've been up double digits every since we started. We've been creative and the money has gone back into trade shows and reaching new markets.

Joyce: Strategically, we have tried to take existing product into other markets and then continue to take that growth into new products as well. We invest into new products pretty heavily. At the same time, we've been able to manage the operations of the business so we have less cash in inventory. We've been more efficient on the back end and have been able to grow. It's the model you always strive for.

Melanie: I don't think Michelle Obama and her message is the reason, but she's added credibility.

**Q: Will the current bubble burst? How can you stop it?**

Joyce: We just always have to stay ahead. We just need to come with the current message faster, brighter and with more eye appeal. We just have seconds to catch peoples' attention. Melanie has unbelievable intuition about that and so far that has helped.

Melanie: I get emails from registered dieticians and people that I meet or connect with ask me if I've heard of this or that or have you thought about that? That group of advisors is really virtual. A lot of the things that we do are virtual.

Joyce: There are so many good ideas and it is hard to pick. Some will not have enough market to be viable, but others will. We have thousands of ideas coming our way and we try to pick the best 100 out of those.

**Q: You have mentioned that Learning ZoneXpress creates 100 new products a year. Where do the ideas come from and is that the gold standard for your company?**

Melanie: Through customer service and through trade shows. Through nurses or family consumer science teachers or dieticians. They come from all over and many are viable.

Joyce: We really just have the time to do that many. It's really a push. It is intense here all of the time. I do think that is part of the reason the recession hasn't affected us so far. During the growth years, business is easier and you can cover up a lot of mistakes with volume. When things are retracting, it's not so easy to cover up those mistakes with volume. We've never had that here. It's just always intense here. It's always about what's best? How can you be fastest? How can you be more efficient?

We've lived under the pressure like there is a recession since we've started. So, it wasn't a step up for us to live through a recession.

Using our DVDs as an example, slow for Melanie is from concept to video in 12 weeks. That's really fast. Everyone else is doing it in nine months.

**Q: You've seen double-digit growth in the last two years. Has your company sustained this growth from its inception?**

Melanie: It was faster in the earlier years. It was 20 percent in 2008. We're doing good work. It's quality messages that people need to hear. And it is to change behavior as much as we can. It's all about being personally responsible about taking care of yourself.

Joyce: And we really do have an excellent team. It's hard with a small business to have an A team top to bottom and we do. When you are all pulling in the same direction, it's much easier to get there.

**Q: What makes Learning ZoneXpress different from similar companies in your market?**

Joyce: There are people who compete in segments. There are poster competitors and DVD competitors and curriculum competitors. But no one does it all and no one is as integrated as we are.

**Q: Is that the key to your success?**

Joyce: I don't think that's the key. I think the key is that the messages are different and Melanie is really good at knowing what the big hitter will be and then is tenacious about getting it done.

Melanie: Again, I think it goes back to the morphing. Last year, I don't think we could have survived if we

weren't as diverse as we were in markets. Right now, it's grants that people have. And again, it takes so long for people to become loyal customers.

Joyce: You could translate one of those keys as seeing an opportunity and acting on it quickly. So, we have a general strategy, but it isn't to stick to one market or stick to one product. It's see the opportunity, grab it and grow.

An example of that is we had a P.E. teacher from a grade school at this table (right here in Owatonna), and she said one of my real struggles is that I don't have prizes. I don't have gifts to give to elementary students for doing good work. She was there on Thursday, and in a couple of weeks, we had a prize box. We had a cute, graphic prize box in a case that had a thousand stickers and tattoos and bookmarks in it and it sold for \$79.95 and it's doing great. So we can hear those ideas and act on them.

**Q: Technology has and probably always will change the way companies do business. How has Learning ZoneXpress changed with the times?**

Joyce: When I started here, we were at a limiting point in being able to grow without technology, internally, as well as externally. One of the first things we did was begin to put that infrastructure together, using a computerized system that integrated customers right through to product. We aren't integrated completely into the Internet yet, but we soon will be. But again, there are big businesses that aren't automated right through your online order; they have to re-key it in still. We'll be able to do that.

We need to assemble a team that will push us to be on Facebook and to Twitter and to blog. And you should have You Tube and you should have a flip camera that documents. So we do all of that now and are having fun with it and learning. I'm sure we are making mistakes, but we really are very aggressive in our Website optimization and in our positioning and our search engine optimization. It's really been to embrace it and not be afraid to dig in. We're really trying to build on things that will allow us to integrate.

**Q: How do you plan to continue growing Learning ZoneXpress in the future?**

Melanie: It's really keeping our ear to the ground with what's important and what we can focus on. Diversity has its opportunities and it has its limitations. So, when we are sending out 40,000 catalogs and it costs us \$80,000, it's worth it because people like what we do.

What I'm really excited about is the "LANA (Learning About Nutrition through Activities) Preschool Program. It has the best potential for early childhood and healthy eating for little kids, because there is big government money now into Head Start and into any of those programs about healthy choices when kids are young.

We finally found a focus. Not that we aren't going to do other things here, but that has huge potential for us.

Joyce: We'll continue to seize any opportunity for health and nutrition messages. There is a great need. It is a growing market and we do it well. Our distribution channel is really significant and we're good to our core customers and we'll continue to honor them.