

Success in Sandpoint

Rural town boasts some of the region's most innovative business professionals

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Sandpoint first charmed Colin McLemore when he was a Washington State University student who frequently packed up his snowboard for weekend trips to Schweitzer Mountain Resort.

The allure of the resort town on Lake Pend Oreille – known for its four-season recreation, thriving arts community and a quirky culture of loggers and liberals – stayed with McLemore for the next decade.

When he finally moved to Sandpoint in 2004, he brought a small manufacturing firm with him. Mac's Custom Tie-Downs, a mail-order business, was his ticket to a North Idaho lifestyle, providing McLemore with a job in the town of 8,200 people.

Stories such as his help explain Bonner County's rapid job growth. Over the past seven years, the county's employment base grew by 26 percent, far outstripping the 12 percent population gain. It's an impressive performance for a rural county whose economy once rose and fell on the fortunes of the timber industry, said Kathryn Tacke, a regional economist for the state of Idaho.

The job growth has been like Sandpoint itself – eclectic and organic. Nearly one-third of the 3,000 new jobs created were in manufacturing. The companies' owners share a common denominator: They could run their business out of any U.S. community, but chose to be in Sandpoint.

"The people that are successful here are committed to the quality of life," said Karl Dye, executive director of the Bonner County Economic Development Corp. "That's



Colin McLemore pets his dog Tucker at his shop on Thursday. He is the owner of Mac's Custom Tie-Downs. The Spokesman-Review (KATHY PLONKA The Spokesman-Review)

what drew them here and that's what keeps them."

McLemore, 37, worked in advertising in Southern California and lived in Chehalis, Wash., before moving to Sandpoint. He employs 11 people at Mac's Custom Tie-Downs, which he started on a small scale when he was a business student at WSU.

The company makes straps that secure loads in vehicles. Shipping costs are slightly higher in Bonner County than they would be in a less remote location. But McLemore – who skis, fishes, hunts, snowmobiles and wakeboards – considers the higher costs an acceptable tradeoff for easy access to outdoor recreation. Even in Chehalis, the closest ski hill was a 90-mile drive.

At the moment, however, getting a new company catalog out has taken precedent over winter sports. "I'm embarrassed to say that I haven't been to Schweitzer once this year," he said, "though I did go snowmobiling last weekend."

Susie Davidson, marketing manager for the Idaho Department of Commerce, often wonders about the relationship between entrepreneurs and desirable places to live.

"Is it that creative people go to places like Sandpoint?" she said. "Or is that because they're in those places, they become creative?"

Some of both, according to the Idaho Patent Report, which tracks patents issued to state residents as an indicator of entrepreneurial business activity.

"Idaho has a uniquely innovative population, motivated in part by the necessity of making a living in a rural state," according to the report by Boise law firm Stoel Rives LLP.

Sandpoint has generated a notable array of start-up firms. Coldwater Creek Inc., a women's apparel company with annual sales topping \$1 billion, is probably the best known. Over the years, both Forbes and Businessweek have touted the firm's growth from a small catalog firm to a national retailer. But dozens of other success stories exist.

"You find entrepreneurs who want to live here," said Dr. John Snedden. "There are the hometown boys. ... Then there are people who came to Sandpoint who fell in love with it and said, 'Hey, I want to find a way to live here.' "

Snedden, a dentist, counts himself in the "hometown" category. In 1990, the Sandpoint native started Unicep Packaging Inc., which specializes in packaging single doses of medications and cosmetics. Since its beginnings in a rented cubbyhole at the Sandpoint Airport, the firm has grown to 120 employees.

"These companies don't need to be in Sandpoint," said Curt Hecker, chairman of Intermountain Community Bancorp, a chain of banks headquartered in Sandpoint. "They could probably make a good argument why they should be somewhere else where the costs are lower. It goes back to the owner and what their priorities are. They've chosen to put Sandpoint first."

Hecker, 47, fits the model. He turned down job offers from bigger banks to stay in Sandpoint, working with his management team to grow a one-branch bank into a three-state enterprise with more than \$1 billion in assets.

Schweitzer was one of the draws for Hecker, who grew up in the Lake Tahoe area. He and his wife also wanted to raise their sons in a small-town setting.

Marcella Nelson suspects that the entrepreneurial success stories probably encouraged other Sandpoint residents to try their hand at starting companies. "There's kind of a grass-roots synergy here," said Nelson, who is retired from the Idaho Department of Labor.

In the early 1960s, when she first moved to Sandpoint, the timber industry was the mainstay of the economy. It shut down in the winter, leaving workers to live on unemployment checks until spring. Schweitzer opened shortly afterward, which was the beginning of Sandpoint's winter tourism industry, she said.

Bonner County's economic transformation was slow and steady until about five years ago, when it kicked into high gear, Nelson said. North Idaho, which typically lags behind the rest of the state in terms of prosperity, boomed along with other Idaho communities.

"Part of that is because the media discovered Sandpoint - Sunset magazine, USA Today and other national publications. They came in with helicopters and took our pictures," Nelson said. "That's brought a lot of people in."

A number of new residents, such as McLemore, brought jobs with them. But as the

community is discovered, and land and housing costs rise, some startups might not find it as attractive of a place to do business.

Cheap land and labor drew Bill Watt, the founder of Encoder Products, to Sandpoint in the late 1960s.

After earning an engineering degree at Idaho State University, the Sandpoint native moved to California to work. But the bulldozing of orange groves for subdivisions and freeways depressed him. When Watt started his own electronics firm, he moved home.

Encoder Products employs 135 people at its manufacturing plant in Westmond, south of Sandpoint.

But Watt, who's in his early 70s, doubts that Sandpoint would be his choice if he was looking to relocate a young firm today.

Neither land prices nor labor costs are as competitively priced as they were 30 years ago, Watt said.

"If I was looking at Sandpoint now – if I was still in California – I don't think it's where I'd go," he said.