

Now that his little business is successful, Dan Byrne could leave to others the onerous business of cold-calling prospects. Not Dan Byrne.

# Lifeline

By Stephen S. Johnson



Rich Fishman

DANIEL BYRNE was raised in Syracuse, N.Y., where he nourished two passions: the study of science and owning his own business. "I know it sounds funny," says Byrne, now 43, "but things like heat transfer and altering the state of elements have always interested me."

He earned a degree in mechanical engineering at Tufts University and a master's in thermodynamics at Stanford, then got a job developing alternative fuel sources for Boeing in Seattle. He picked up sales experience selling industrial gas for the gas manufacturer Airco—now BOC Gases—also in Seattle, and later for a maker of advanced refrigeration

Dan Byrne, owner of Byrne Specialty Gases  
**Selling gas with "sweat equity."**

systems in upstate New York.

All the while his entrepreneurial fires burned brightly. In late 1983 he took his new wife and \$17,000 in savings and moved back to Seattle, where biotech was starting to flourish. He knew that biotech startups and medical research labs needed small volumes of custom mixtures of industrial gases like argon, helium, hydrogen and nitrogen dioxide. They were ordering these gases from established welding supply companies. Byrne figured he could walk off with this highly specialized new market.

Within nine months he was in business. Seattle being too wet to start a company in a garage, Byrne started Byrne Specialty Gases in the basement of his house in Seattle's Montlake district. His assets were a used delivery truck, some office furniture and a supply commitment from the local representative of Air Products & Chemicals, the Allentown, Pa.-based gas manufacturing giant.

Getting an idea is only the first step for an entrepreneur. Executing it is the hardest part. Every morning Byrne dressed in a suit and tie, kissed his bride good-bye and descended into his basement, whence he cold-called ten companies. In a typical month he'd win four or five orders, totaling an average \$1,100 a month in revenues. Not much to build a fortune on, but those cold calls produced useful information.

During his years of selling industrial gas for Airco, Byrne had learned that even unsuccessful sales calls can pay off. As he made his cold calls, Byrne began to hear his prospects complain about technical problems they were having with gas handling equipment—valves or pressure gauges that didn't work well, for example. It dawned on Byrne that he could offer two services: gas delivery and parts for gas handling equipment.

The two-level pitch began to work. When Byrne was able to solve a parts problem—obtaining, say, a better flow control valve—the satisfied customer would often reward him with a gas order. His first big order came from a buyer who had previously turned him down. The biotech firm was now in a rush for \$1,200 of liquid nitrogen, plus a small refrigerator to store tissue samples. Byrne got them both and won a regular customer.

In 1985, the first full year of operations, Byrne Specialty Gases grossed \$122,000 and turned a small profit that Byrne plowed back into the company. That spring he hired his first employee, a part-time bookkeeper, and bought the smallest ad possible in the local yellow pages.

Next he expanded his capital base. Byrne did not want to rely on debt just as he was starting out, instead financing BSG's growth through cash flow—except when he got caught in a bind. Over the years he has borrowed

\$90,000 from his family to help out in tight periods. Finally in 1990 he obtained a \$100,000 line of credit from Pacific Northwest Bank, and last year a \$450,000 loan, guaranteed by the Small Business Administration.

With the injection of this fresh capital he bought a 9,000-gallon liquid nitrogen storage tank.

But his biggest asset was his discipline, what Byrne calls "sweat equity." Even today he forces himself every day to call fresh prospects. This not only lands an occasional new customer but also, and more important, keeps him in constant touch with the market he serves.

With information thus gathered, Byrne found ways to improve and broaden his services. He knew that customers in the cryogenics business must keep tissue samples stored at 320 degrees below zero. Byrne offered them an automatic restocking arrangement to make sure supplies of

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supercooling liquid nitrogen—or hydrocarbon gases like carbon dioxide and oxygen for environmental testing labs—never ran out.

He also started an equipment maintenance program in which a BSG employee—often Byrne himself—regularly inspects the gas handling equipment BSG installs.

In May BSG relocated to an 18,000-square-foot warehouse, its roster now grown to 17 employees, six trucks and nearly 600 customers. The business, which is growing at 15%, will gross \$3 million this year, and net about \$150,000 before taxes.

Byrne has two pieces of advice for would-be entrepreneurs. The first: Never underestimate the importance of positive cash flow. "I thought I knew what cash flow was," he says. "But I didn't realize the importance of calling up my customers to collect receivables, and at the same time trying to extend my payables. I got pinched a couple of times."

The second bit of advice: "Don't talk customer service. Live perfect service."

**BYRNE SPECIALTY GASES**

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