

## College Project Evolves Into Big Business for Utah Entrepreneur

by G.M. Jarrard, August, 17, 2008



*Very few 29-year-olds cite “CEO” as their first job out of college. Adam Edmunds does.*

As the founder and principal stockholder of Allegiance, an up and upcoming software and business services firm headquartered in South Jordan, Utah, Edmunds has a very short, but impressive vita. Allegiance is now a multi-million dollar company with a prestigious client list that originally began as a student venture when Edmunds was finishing a masters in accounting at Brigham Young University just four years ago.

When he entered his business plan in a student contest, one of the judges told him his idea would never fly. Last year, that same judge (a venture capitalist in his day job) helped Allegiance procure a \$5 million capital infusion.

Edmunds' original idea grew out of a seminar at the university focusing on business ethics. The presenter told the students that the recently passed Sarbanes-Oxley federal statute calling for stricter ethical standards for public companies offered opportunities for innovative entrepreneurs.

The 24-year-old graduate student perked right up.

As he saw it, the problem was that many staffers in large corporations may quietly observe and disapprove of unethical, discriminatory or even illegal activities in their organizations, but unless there are systems in place to gather complaints and process them properly, the misbehavior often continues and even in some cases, can become a cancer within the organization; Enron and WorldCom are two egregious examples.

The result was SilentWhistle. After Edmunds failed to win an award for his business plan, he launched it as a student business which subsequently won for him a \$25,000 prize for Student Entrepreneur of the Year at BYU.

The award helped him get off to a good start, but it soon became apparent that SilentWhistle wasn't broad enough upon which to base an entire company. Enter Dr. Gary Rhoads, a marketing professor at the Y. and one of Edmunds' mentors and company co-founder. Dr. Rhoads had earlier launched a company called Allegiance Technologies that focused on measuring and promoting customer and employee loyalty and satisfac-

tion. The two immediately saw the synergy of an alliance. SilentWhistle then became a primary product line of the new company, Allegiance. The other primary product line is called Engage, a technology platform that integrates several key components and then analyzes them to create what the company dubs as the Allegiance Engagement Index. The process utilizes a complex series of predictive analytics to tell Allegiance and its clients “what levers to pull and which ones to leave alone to increase engagement and to manage it like an asset.”

Allegiance clients now customarily use the index as benchmarks of progress for both employee as well as customer relations, often citing their improvement in scores in press releases and company promotional materials.

Allegiance is now situated in South Jordan just a stone's throw—or an errant fly ball—from where Adam Edmunds grew up on the bench overlooking the Jordan River.

“This is the same place where I worked with my dad and granddad repairing fences and taking water turns. I remember my grandfather, Kay – for a time the mayor of South Jordan – ribbing me about wanting to play ball instead of doing serious work. I worked alongside him and my dad, Gary, taking care of a small farm with horses and cattle. I learned honesty and the importance of work by example. They were my best mentors.”

Edmunds freely cites good mentors and good luck as reasons for such success at a relatively young age. He also gives credit to his wife, Charlynnne, for keeping him grounded. The young couple lives with their two small boys next door to the home he grew up in near “Tuckers Hill” where the first settlers originally made bricks out of the South Jordan clay in the south end of the Salt Lake valley. Those roots still run deep in the character and makeup of the young entrepreneur.

*When asked early on what he would do if his business failed, his response was short and sweet: “It won't.”*

“I guess I was too young or naive to realize that it may not succeed,” Edmunds reflects. Still, he has learned a few lessons the hard way.

“I remember I had a very important meeting with some high-level executives at IHC; I arrived about two minutes before they did and quickly tried to set up my laptop and projector only to find I hadn't prepared and given myself enough time to set up the system and work out the bugs. After fumbling around, I watched in dismay as one executive after another got up and left until just my host and myself were left all alone in the presentation room. It was a very humbling experience for a very green 24-year-old.”

Although he is an accounting graduate (he actually earned his BS and his masters at the same time at BYU), he admits he still can't quite get the knack of QuickBooks.

"But I understand the numbers that make this business work and I suppose my creative and entrepreneurial instincts have served me well," he notes. In four short years, the business has taken root and flourished. Today, the company employs 65 people, 45 in South Jordan and another 20 at the company's call center in Virginia.

The Virginia center takes calls from people responding to queries or volunteering information from both the SilentWhistle and Engage programs; the call-center employee then follows the established patterns, gathers the information and sees that it is entered properly into the database and then is assimilated, compiled and then formatted in a report to the appropriate person at the client's offices.

"Sometimes the information goes directly to the Human Resources department, the controller or auditor or even company counsel, depending on how we set it up," Edmunds explains. "It all depends on how our clients want it collected and reported."

And by any measure, many companies want that information at their fingertips, both as a way to be compliant with the Sarbanes-Oxley rules and as a means to improve productivity as well as to put a stop to bad behavior. They include many mainstays in the local Intermountain economy such as Zions Bancorp. and other banking and financial services organizations like MountainAmerica Credit Union. Web-based companies and direct marketers like Omniture, Overstock.com and 1-800 Contacts are also Allegiance clients. And, of course, nonprofits like Brigham Young University, the place where it all started, use Allegiance to improve how they operate and interact with employees and those they serve.

*In four short years, a student project has morphed into a successful business services company helping clients in a diverse collection of industries compete as good citizens in an ever-increasing complex and complicated world where one bad apple can spoil an entire barrel.*

And it is all according to plan, a business plan written by a fresh-faced young graduate student who learned the important lessons of life from his dad and granddad on the family farm and never realized it couldn't work.