Wired for Success

We've always believed that Inc. 500 CEOs are disproportionately talented business people. Now we have the groundbreaking research to prove it.

by Leigh Buchanan

Illustration by Paul Wearing

Imagine the U.S. economy as a somber, gray landscape. Now scan it with a thermal imaging device. See those vibrant green lights indicating heat? That's the Inc. 500.

At a time when growth in the United States and Europe has largely stalled, the Inc. 500 companies are surging. Our annual ranking of America's fastest-growing private companies proves that even without tailwinds from the overall economy, some companies can achieve impressive acceleration. This year, the 500 racked up a median growth rate of 1,828 percent—up from 1,739 percent last year. Collectively, these companies have created just over 46,000 jobs.

We talk about the Inc. 500 as a collection of elite companies, but what this ranking really honors is a collection of
elite entrepreneurs. More than 90 percent of Inc. 500 CEOs are also their companies’ founders. They are leaders with outstanding résumés. Seventy-two percent are serial entrepreneurs, and 21 percent founded their first business before age 20. These people are, by their own proud declarations, “unemployable.” But not in the sense that other companies don’t want them. Only in the sense that other companies can’t contain them.

And yet, oddly—perhaps disingenuously?—roughly three-quarters of the Inc. 500 CEOs attribute much of their companies’ success to luck.

We’re not buying it. And we haven’t bought it in the decades we’ve been writing and learning about these folks. We’ve always assumed the leaders of America’s fastest-growing companies were not merely in the right place at the right time with the right résumé. Rather, we’ve believed them to be disproportionately gifted with the talents needed to build businesses.

This year, for the first time, we can prove it.

WHEN MIKE FELDMAN first saw an iPhone, he did not think, I should build an app for that! Instead, he thought, This technology is great, but it isolates people. I should come up with something that would bring people together. Feldman’s company, TiVisions (No. 456), creates large-format touchscreens that let people in stores, classrooms, and offices share photos, play games, and collaborate. How did he test the products? By starting his own restaurant and embedding giant touchscreens in the tables and walls. His newest installation can be found at the Cowfish restaurant at Universal Orlando’s CityWalk.

Feldman is a “creative thinker,” one of the key entrepreneurial strengths identified by significant new research into entrepreneurship. Over five years, Gallup, the global research and consulting firm, studied more than 4,000 founders to understand the talents that foster business creation and growth, and determined the 10 most significant. The organization then created an online assessment tool to measure those talents in individuals. The test is the latest iteration of Gallup’s very popular StrengthsFinder methodology, introduced by Marcus Buckingham and Donald O. Clifton in their 2001 best-selling book, Now, Discover Your Strengths.

We invited our 2014 Inc. 500 leaders to complete the Entrepreneurial StrengthsFinder assessment. One hundred fifty-five did so. Gallup then compared the results with those from a national sample of close to 2,700 entrepreneurs. In every dimension, the Inc. 500 leaders scored higher. In some cases, Everest-versus-Rushmore higher.

Gallup found that Inc. 500 founders were more than twice as likely as the national sample to score “high” on all 10 entrepreneurial strengths. Inc. 500 founders also proved themselves multi-trick ponies, on average scoring high on six of the 10 strengths. The national sample scored high on just two. Sixteen percent of Inc. 500 CEOs earned scores high enough to be classified as “exceptional” by Gallup, compared with 2 percent in the national sample.

Gallup’s chairman and CEO, Jim Clifton, contends that the United States invests too much attention and too many resources in innovation, and not enough in “the real source of economic energy, which is the unusually talented entrepreneur who is able to create a customer.” He thinks the assessment can help identify people with entrepreneurial strengths so they can be encouraged and developed. That the assessment clocked the country’s highest-performing entrepreneurs as the country’s most talented entrepreneurs suggests he may be right. (Clifton’s book Entrepreneurial StrengthsFinder, co-authored by Sangeeta Badal, Gallup’s lead researcher in entrepreneurship, comes out at the end of September.)

THE INC. 500 ENTREPRENEURS excel in every area identified by Gallup. But they absolutely dominate in three strengths—risk-taking, business focus, and determination—compared with the national sample. Those strengths are, not coincidentally, the ones most universally associated with business starts, survival, and scaling.

The group’s top-ranked talent is risk-taking—which will surprise nobody. After all, without risk there is no business. To launch their companies, these entrepreneurs were willing to sacrifice everything, from parents’ retirement funds to cushy executive perches. The Inc. 500 is packed with risk-takers walking away from six-figure salaries and taking on debt—often with young families in tow to sharpen the edge.

Gallup says those with a talent for risk-taking possess a highly optimistic perception of risk but are also rational decision makers who have an extraordinary ability to mitigate that risk. The assessment shows that Inc. 500 founders are more likely than other entrepreneurs to take more and bigger risks. But they are also more likely to optimize their chances for good outcomes and, consequently, rapid growth.

As a company grows, so do the risks. More is at stake—a business with a beating heart. That was certainly the case for Clayton Mobley. For the first four years that Mobley ran Spartan Value Investors (No. 246), in Birmingham, Alabama, the company bought and resold foreclosed homes to consumers, with annual growth of 80 percent to 150 percent. Then, Mobley figured the company could quadruple revenue and profits by selling rental properties to investors and managing those properties for the new owners. Switching markets would require retraining 75 percent of staff, increasing monthly marketing expenses from nothing to $20,000, developing new services such as property management, and investing 60 percent of capital. Failure to execute would likely close Spartan’s doors.

Mobley spent nine months studying the new industry. He was away so often doing research that vendors thought he had left the company. At last, he pulled the trigger. This year, Spartan is on track.
PORTrait of the Not-so-average inc. 500 CEO

Gallup compared the scores of 2,700 entrepreneurs on 10 crucial personality traits with those of Inc. 500 CEOs. Below is the percentage of each group that scored “high” on those traits, showcasing the overwhelming talent it takes to make the list.

- **inc. 500 entrepreneurs**
- **National sample entrepreneurs**

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**Risk Taker**
- 85% Emphasizes goal setting and risk taking in company goals
- 72% Emphasizes profit goals and meddles or aligns employees with company goals

**Business Focus**
- 72% Emphasizes profit, goals, and meddles or aligns employees with company goals

**Determination**
- 71% Emphasizes work ethic, commitment, and ability to lead, even in face of obstacles

**Delegator**
- 61% Emphasizes ability to delegate, share credit, and trust others

**Knowledge Seeker**
- 58% Emphasizes ability to learn, gather new information, and grow

**Creator Thinker**
- 54% Emphasizes ability to find new ideas, analyze information, and communicate

**Promoter**
- 53% Emphasizes ability to sell, promote, and persuade

THE ENTREPRENEURIAL CPA

Fully 16 percent of the Inc. 500 CEOs ranked as “experational” in overall entrepreneurial talent, compared with 2 percent of the national entrepreneur population.

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**inc. 500 CEOs**

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**National sample**

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Source: Gallup
to grow 800 percent. "You do everything you can to stay objective and make the right decision," says Mobley. "But at the end of the day, you have to make a bet on yourself."

**WITHOUT RISK, A COMPANY** can’t be born. Without business focus and determination, the Inc. 500 CEOs’ second- and third-ranked strengths, a company can’t survive and scale.

Gallup defines business focus as an emphasis on profit, goals, and metrics; basically, viewing decisions through a will-this-make-us-money lens. According to Gallup, the most talented Inc. 500 leaders were about 54 percent more likely to exceed their profit goals than the most talented leaders in the national sample.

So while a typical company leader might hold weekly or monthly executive team meetings to discuss metrics, many business-focused Inc. 500 leaders report meeting daily to dissect every data point and adjust accordingly. At Touchsuite (No. 259), a seller of point-of-sale technology in Boca Raton, Florida, every lunch hour is devoted to the numbers. New goals are set monthly, and quarterly goals are chosen on the basis of a thorough analysis of maximum tangible impact. The team reevaluates three- to five-year goals annually.

These practices speak to focus and discipline. But the best business minds are also clever. Touchsuite’s CEO and founder, Sam Zietz, once sent a potential business partner who didn’t return calls and emails $100 for five minutes of his time. When that potential partner was slow to sign a contract, Zietz filled out the forms for him and FedExed them with a new Montblanc pen, kicking off a lucrative relationship.

"Total cost to acquire," says Zietz, "about $200."

Gallup describes determination, the third-ranked talent, in terms of work ethic and the drive to achieve. The No. 500 are an unusually driven bunch.

Ninety-seven percent of high-scoring Inc. 500 entrepreneurs said they intend to grow significantly.

Gallup also associates determination with a high "adversity quotient." Highly determined entrepreneurs have the ability to overcome obstacles and persevere despite failure. That rings true. We have rarely interviewed an Inc. 500 founder who hasn’t experienced a "dark night of the soul."

Bernadette Coleman endured a very dark night in 2011, starting with the news that her son, Michael, was in a coma following a car crash. At the time, Advice Interactive Group (No. 328), Coleman’s Internet marketing company, based in McKinney, Texas, was just getting past its wobbly-fawn stage. For months, Coleman and her husband, Tom, the company’s CFO, ran Advice Interactive from Michael’s bedside and the stairwells of a Florida hospital. When performance lapses in the leaderless office threatened accounts, the couple redoubled their efforts. When half the staff quit—several to launch a competing business—the couple took turns flying back to Texas to hire replacements and run the company. "We were fighting for our son’s life and for the company," says Coleman. "We had no choice but to prevail at both." This is Advice Interactive’s third consecutive year on the Inc. 500, with revenue up more than 1,400 percent since the family’s annus horribilis.

**WITH ALL THAT GRIT** and focus, you would expect the Inc. 500 CEOs to be virtually invulnerable. And yet...

In 2011, the Kauffman Foundation, the world’s largest organization devoted to entrepreneurship, investigated the fates of 1,300 companies that appeared on the Inc. 500 from 2000 to 2006. Kauffman found that in 2010, 40 percent to 50 percent of those businesses had generated less revenue than in the year they made the list. Five percent were on the slab. The economic downturn obviously contributed to those outcomes. But Kauffman’s findings suggest that, over time, the things entrepreneurs do to propel their companies onto the 500 may not prevent their decline.

A different slice of the Gallup data presents a possible explanation. Gallup has defined three entrepreneurial “styles,” drawing on the assessment’s strengths. An entrepreneur’s style represents the way he or she prefers to operate. Activation entrepreneurs are forceful; they make things happen. Strategic entrepreneurs are big-picture thinkers: They are creative and take the long view. Relational entrepreneurs are highly self-aware: They expand their businesses by building strong relationships.

All of the Inc. 500 leaders’ powers are great, but it seems their superpowers are largely concentrated in one area—40 percent have an activation style (compared with 29 percent in the national sample). That makes sense. After
HOW THE 2014 INC. 500 COMPANIES WERE SELECTED: This year’s list measures revenue growth from 2010 to 2013. To qualify, companies must have been founded and generating revenue by March 31, 2010. Additionally, they had to be U.S.-based, privately held, for profit, and independent—not subsidiaries or divisions of other companies—as of December 31, 2013. The minimum required 2010 revenue is $100,000; the minimum for 2013 is $2 million. Revenue listed in the company profiles is for calendar year 2013. Employee counts are as of December 31, 2013. Full-time and part-time employees are included in the employee counts; independent contractors are not. Inc. reserves the right to reject applicants for subjective reasons. The companies of the Inc. 500 represent the top tier of the Inc. 5000, which can be found in its entirety on inc.com.

all, this list tracks growth rates. The more force you apply to something, the faster it accelerates. These are also relatively young companies (the average age is six years), which require momentum to achieve very aggressive goals.

By comparison, the Inc. 500 CEOs are much softer on the soft skills. Only 16 percent have a relational style, compared with 40 percent for the national sample. And relationship-building turned up more often in the national sample’s top three strengths than in the Inc. 500’s top three strengths. In fact, relationship-building is the one strength in which Inc. 500 founders scored below—though not far below—the 75th percentile.

Gallup describes relationship builders as having high social awareness, building mutually beneficial relationships, and getting to know customers and employees outside of work. Of all the strengths, relationship-building takes the most time and patience, and the payoff is rarely immediate. That may explain why the action- and achievement-oriented Inc. 500 leaders lag behind in this area.

Clifton has an alternative take. “I’ve known a lot of pretty famous entrepreneurs,” Gallup’s chairman says. “A lot of these people aren’t very likable.”

Perhaps they can learn from Marie Forleo, one of the few Inc. 500 entrepreneurs to count relationship-building as one of her top two strengths. Forleo is the founder of New York City–based Marie Forleo International (No. 472), which offers entrepreneurship and personal-development programs online. She has found not only jobs but also clients and employees while working in some of the most people-person jobs imaginable: bartender, fitness instructor, and life coach. She is forever introducing people to others who might help them, and being introduced in turn. Her relationships have won her invitations to appear on Oprah Winfrey’s and Tony Robbins’s programs, and her philanthropic work garnered her an invitation to travel to South Africa with Richard Branson.

“Every relationship that has helped me is the result of a from-the-heart, honest connection with someone I know and like,” says Forleo. “That’s where all the good things in life come from.”

Numerous books and studies have demonstrated that collaborative leadership is ascendant, which makes expanding and deepening relationships a critical skill. It’s especially important because relational is the dominant style evinced by the national sample of entrepreneurs. Over the long run, some of our entrepreneurial bullet trains may lose ground to the Little Engines That Could.

Relationship-building and other contributors to the relational style are feminine traits, leadership studies show. That could be a problem for the 500. The number of women-led companies on the list is growing. It hit a high this year of 13 percent, compared with the previous high of 11.8 percent, in 2010. But it is still low. Meanwhile, the Inc. 500’s large population of alphas can modify their styles only to a limited extent. Gallup’s Badal says talents are “based on one’s brain circuitry and personality, which is established very early on in life and has very minor changes.”

The lesson for the entrepreneurs of the Inc. 500, then, is to keep doing what they’re doing. But hire and develop women and men who are makers of friends and influencers of people. By using those softer strengths to enrich the action-oriented talents they already possess, the Inc. 500 leaders can continue to rack up the extraordinary gains and successes you will read about in the rest of this issue.

LEIGH BUCHANAN is an editor-at-large for Inc.
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Tom Shannon has built New York City-based Bowlmor from its humble (and smelly) beginnings into a 262-location bowling and entertainment empire that just acquired iconic bowling company AMF. Getting there began with the ability to see the potential amid the dust.

THE IDEA FOR Bowlmor began, as so many things do, with a girl. It was 1994. The girl, Anne, invited me to a birthday party at the Bowlmor bowling alley in Greenwich Village. It was built in 1938 and looked like it hadn’t been cleaned since. The décor included a coat of grime and the smell of rotting cheese from the pizza place next door. The bathrooms were disgusting, the furniture was peeling, there was no food, and the “entertainment” was a loop of an ’80s music cassette.

YET IT WAS LOVE at first sight—the bowling alley, not the girl. Shortly before that, as an M.B.A. student at Darden, I’d studied the successful buy-out and turnaround of bowling company AMF. I spent the entire party envisioning how I could apply the lessons I learned to turn the place into a beautiful bowling alley.

IT TOOK ME three years to arrange the purchase. When I got the keys, I renovated the women’s bathroom and sealed any openings between us and the pizza store. I created an upscale vibe, an events space, a restaurant-quality kitchen, and a cutting-edge sound system. I drew customers with a racy ad that made them wonder, “What’s going on there?” It was still bowling, but I improved the “wrapper” and marketed it aggressively, and it worked. Although we just closed that original location, it inspired everything that followed.

As told to RESHMA VAQUB © Photograph by PETER YANG
No. 485

HOW I WENT FROM CEO TO HOT DOG HAWKER...AND BACK

When Mike Fuller’s career and life derailed, he realized the worst had happened. That’s when he let go of fear and got to work building his Newton, Massachusetts-based company.

IN 2000, I founded Wandrian, a Web-based rail pass and ticketing system that powered Eurail for several years. In 2005, I accepted a round of venture funding and stepped down as CEO to focus on biz dev. In 2008, the market crashed, and I was fired.

I NEGOTIATED a significant severance package, but three months later, they stopped paying it. No more severance. Then, my wife left me. It’s not easy to be an entrepreneur, and it’s not easy to be married to an entrepreneur. For a long time, I had carried fear about losing the company—and losing the marriage. When both things actually happened, and I saw that I was still around, I felt relieved. In a strange way, I didn’t have to carry that fear anymore. And I went into survival mode.

I TOOK SOME OF MY savings and bought a high-end hot dog cart. A lot of people who lost their jobs that year started mobile food businesses to make ends meet. I think the Great Recession drove that renaissance.

ABOUT A year later, I was offered the opportunity to buy back some of the assets of Wandrian. Trenitalia, the Italian national train operator, agreed to give me a contract to get back into the rail business—if I could come up with the funds to buy the domain InterRail.com. Determined, I applied for loans at 10 big banks, and they all turned me down.

Then a community bank opened up around the corner from my house. I think it’s pretty cool that their very first SBA loan funded a company that made the Inc. 500. Looking back, I think what got me through the toughest time was remembering that as long as I was healthy, I knew I’d figure out a way to keep going.

No. 479

SeaSnax snacks
= Three-year growth 988.2%

When it comes to kids’ lunchboxes, potato chips are out. SeaSnax are in. These crispy sheets of seaweed, seasoned with sea salt and olive oil, are low calorie, vegan, and gluten free. And that’s made them a hit with health-conscious moms. (Also appealing: tricking kids into eating more veggies.) Founder and CEO Jin Jun, a licensed acupuncturist, launched the Los Angeles–based company in 2010 to update a traditional Asian treat for American palates. Made of organic seaweed from Korea, the snacks come in a variety of sizes—and flavors, including barbecue, almond, onion, chipotle, sesame, and wasabi. Thousands of retailers, including Whole Foods grocery stores, now carry the snacks, which sell for about $1 to $5 per package.

—RYAN UNDERWOOD

As told to CARMEN NOBEL © Photograph by ADAM DeTOUR
THE FIRST YEAR, BY THE NUMBERS

JUDGING BY THE RESULTS OF OUR annual survey of Inc. 500 CEOs, the first 12 months of these companies were probably a mixed bag. While many said they were happy with their decision, others were not. Forty-two percent of the CEOs worked more than 80 hours a week, and 33 percent didn't take a paycheck for at least the first year. In the charts below, we offer an up-close view of what inspired the CEOs of the fastest-growing private companies to take the leap, where they stumbled, and who believed in them enough to contribute startup cash.

What was the most important motivation behind your decision to start your business?

- ENTREPRENEURSHIP SUIT ED MY SKILLS AND ABILITIES 33%
- HAD AN IDEA JUST HAD TO DO IT 20%
- WANTED TO BE MY OWN BOSS 15%
- WANTED FINANCIAL SUCCESS 10%
- ADMIRE OTHER ENTREPRENEURS 9%
- OTHER 19%

What they said:

"Being an entrepreneur allows me to have more control over my destiny." -- PATRICK BENNETT, Showroom Logic

"I saw an opportunity for change in the world and needed to see it through." -- MICHAEL BRODY-WAITE, Intuixier

"I had a strong desire to make a positive difference for others, and to do so in my own way." -- RALPH FORZIO, MailFind International

"I was enamored with the ability to create something from nothing." -- CHRIS LEISFLER, Caliber Companies

"I wanted to spread my wings and challenge myself to use multiple skill sets." -- RYAN HAWGOOD, PureWow

What was your biggest mistake in the first year?

- NOT ENOUGH CAPITAL 45%
- BAD FIT WITH KEY EMPLOYEE 20%
- BAD FIT WITH PARTNER 12%
- SPENT TOO MUCH 11%
- DON'T TEST PRODUCT ENOUGH 8%

How many hours, on average, did you work each week during your company's first year, and how many do you work now?

- FIRST YEAR
- LESS THAN 40 HOURS 55%
- 40-59 HOURS 35%
- 60-79 HOURS 10%
- 80-99 HOURS 4%
- MORE THAN 100 HOURS 2%
- NOW

- LESS THAN 40 HOURS 15%
- 40-59 HOURS 32%
- 60-79 HOURS 35%
- 80-99 HOURS 8%
- MORE THAN 100 HOURS 6%

If so, how well did you know your partner(s) before launching?

- YES 47%
- NO 53%

When did you start paying yourself a salary?

- IMMEDIATELY 18%
- WITHIN SIX MONTHS 21%
- WITHIN A YEAR 24%
- WITHIN TWO YEARS 25%
- WITHIN THREE YEARS 8%
- WITHIN FOUR YEARS 4%

Who are your primary customers?

- LARGE COMPANIES 48%
- SMALL TO MIDSIZE COMPANIES 47%
- CONSUMERS 33%

Where was your first office?

- HOME OFFICE 57%
- TRADITIONAL OFFICE 19%
- CO-WORKING SPACE 7%
- OTHER 8%
- GARAGE 6%
- COFFEE SHOP 3%

Was your current business launched as a partnership, or is it being run as one?

- YES 47%
- NO 53%

How was your growth funded, internally generated cash or external funding?

- ALL INTERNAL 46%
- MOSTLY INTERNAL 34%
- ABOUT 50/50 13%
- MOSTLY EXTERNAL 6%
- ALL EXTERNAL 1%

On a scale of 1 to 5, how would you rate the following as obstacles to your company's growth?

- The deeper the square, the more frequently that obstacle was chosen.

Who are your primary customers?

- CLOSE FRIENDS 56%
- FAMILY MEMBERS 21%
- FINANCIAL RELATIONSHIP 20%
- FORMER RIVAL 3%

Where was your first office?

- HOME OFFICE 57%
- TRADITIONAL OFFICE 19%
- CO-WORKING SPACE 7%
- OTHER 8%
- GARAGE 6%
- COFFEE SHOP 3%

How many businesses have you started?

- 0 5%
- 1 28%
- 2 21%
- 3 24%
- 4 9%
- 5 9%
- 6 3%
- 7 2%
- 8 6%
- 9 5%
- 10+ 4%

Keeping up with demand

- FINDING GOOD STAFF 52%
- GOVERNMENT REGULATIONS 33%
- TAXES 24%
- LACK OF DEMAND 21%
- Other challenges--either that or they're ignoring them.

"The deeper the square, the more frequently that obstacle was chosen."
In a strange twist, online technologies are driving a surge of new tabletop board games. But these are no Parcheesi or Monopoly. Today’s games mirror the fantasy themes and intricate story lines of shows such as Game of Thrones and The Walking Dead. Take Zombicide, from Alpharetta, Georgia–based game maker CoolMiniOrNot. This apocalyptic survival game is now on its third “season.” Each version of the game—which costs about $90 and includes collectible zombie miniatures with accompanying ID cards—has launched with vastly oversubscribed Kickstarter campaigns. CEO David Doust says unveiling each new game through crowdfunding sites generates buzz among the most enthusiastic players, which eventually translates into more traditional retail sales. In other words... brains. —R.U.

Photograph by SAM KAPLAN
Susan Meitner, 44, was a mortgage industry veteran when she started Maple Glen, Pennsylvania–based Centennial Lending Group. When her two loan originators left before she launched, she reached out to a former colleague, a man she'd wronged years earlier, to help her rescue her vision.

**I GOT INTO** the mortgage industry thanks to a friend of my father's, John Critts, who owned a mortgage company. I worked for John in a variety of capacities from 1992 to 2006, and he was there during all the major milestones of my life: marriage, kids, and divorce.

**AFTER** I worked my way up to the vice president level, though, I decided to join another firm to get more executive-level experience.

**MY LEAVING** blew up the bridge between us. John felt I'd stranded him after he had invested so much in training me to be a top producer. I took my sales team and more than $120 million in assets with me; that didn't help. At the time, however, I really didn't understand why he was so upset. We didn't speak for several years after that.

**MY TEAM MOVED** with me to three mortgage companies. After I built one into a well-oiled machine, the absentee owner decided he wanted to run it himself. That's when my dad said, "Why don't you start your own company?" I liked the idea in principle, but I was like, "Because I have two young kids and..."
little money," but he convinced me that my team and I could do it.

**NEEDED ABOUT** $2.5 million to start the business, since we fund loans ourselves. My parents, two family friends, and I all invested significant amounts. Even with the money, we still had to jump through tons of regulatory hoops. In May 2010, one of my two salespeople, whom I considered my right hand, told me he wasn't coming with me. Weeks later, my other salesperson—a high school friend—told me she was out. They both went to work for competitors.

**IN A FLASH,** a big chunk of my expected revenue stream was gone. I had to call my outside investors and tell them I wasn't sure I could sell enough mortgages on my own to make it. To my surprise, they stuck with me. One said, "I invested in you, not the team." That's when we truly took off. We made our first loan in October 2010.

**MY HEART BROKE** when my salespeople didn't come with me. But I finally understood John's reaction four years earlier; I was standing in his shoes. I felt like I had to swallow my pride and make things right with him. We had a drink, and I told him, "Thank you for giving me my career."

**LATER, WHEN** we were looking for a sales manager, John's name came up. He had gotten out of mortgages, but I needed someone who could sell me, and he knew me best. John joined in March 2011, and our company took a huge leap forward. His reputation validated us to clients and helped us go from five to more than 40 staff members. He boosted the firm, and he boosted me.

**I'VE MADE SOME MISTAKES,** but I embrace the failures. Now, I try to say thank you every day—to John and to everyone who works with me. For a while, I felt the need to apologize to him all over again. I still like to remind him how important he is to me and my business.
WE LEFT A STABLE, healthy company that we referred to as the “warm blanket” and went out into the cold. We didn’t know just how cold it would get. It was hard enough starting from scratch. We were used to having resources and getting credit from vendors. But we had to rebuild all of that.

THEN, THE LAWSUIT hit us. The construction business is all about people and cash. And, suddenly, we didn’t have either. We had to be lean. We were used to having things such as secretaries and company cars. All of that went out the window.

THAT’S WHEN the recession came. It became a do-or-die moment. We had to get very creative to survive. One of our first jobs was upgrading the landscape next to San Francisco’s Old Mint. Instead of payment, we bartered for 18 months of free rent in a building the client owned. We bought leftover carpet squares on the Internet and spent a weekend installing them ourselves. We also saved money by not buying any office supplies or equipment, even hard hats, for two years. We either used stuff from home or borrowed it.

WE CHASED ALL KINDS of projects we normally wouldn’t have touched—such as assembling two prefab ticket kiosks for San Francisco’s cable cars. We called projects like this gas pedals. We hoped that some of them would give us enough speed to push us forward. Because we had a good reputation, we landed jobs to rescue troubled projects that were started before the recession. We made some good money and paid bills. But we still couldn’t get the proceeds from the sale of our company.

IN 2009, we finally settled the suit and got our money. The Bay Area economy was improving. By being lean and efficient, we’ve been profitable every year. If not for the lawsuit, we wouldn’t have been as frugal. That’s helped build our war chest and allows us to tackle bigger and bigger projects today.