
"Being from New Jersey I guess you could say the "Juice" is in our blood.
Jersey Mike's is a brand we are very passionate about. Being part of the Jersey Mike's family has given us an opportunity to work together as a father and son team, give back to the community here in the Midwest, and take care of the people around us. We have been fortunate to grow within the brand and have enjoyed watching our team members grow as managers and store owners. It is the culture of giving, the family environment and the quality and freshness of the subs that makes Jersey Mike's a sub above."
Larry and William Rover
Multi-unit Franchise Owners in Kentucky & Ohio
US Marine, Former Executive Chef
University of Kentucky Graduate, Division 1 Athlete
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SUBS
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WORK LIFE/ The Recipe for an (Almost) Perfect Balance P.54

LAUNCH/ How 6 Entrepreneurs Got Off the Ground P.30

Entrepreneur®

June 2019 / Entrepreneur.com

FOLLOW YOUR OWN RULES

MICHELLE PFEIFFER

Took On an Industry by Refusing to Hear "No!"

P.34

+ TECH SPECIAL

The Tools to Improve Your Business P.40

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Turn the page to find out what entrepreneurs need to know about security and learn some helpful tips from Dell Small Business Technology Advisors.

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WHAT SMALL BUSINESSES NEED TO KNOW...

Data Security

Some businesses think that because they're small, they don't need to worry about cyber attacks and data breaches. Especially in today's always-on, mobile world, this is an increasingly risky strategy.

Truth is, they are more vulnerable than ever to security threats and data loss.

61% **"61% of data breaches hit smaller businesses"** [1]

1/5 **"1 in 5 small businesses were the target of a ransomware attack and experienced a shutdown due to the attack."** [2]

Helpful Data Security Tips

Train employees in security policies.
Establish basic security practices and strategies for employees, such as requiring strong passwords, and develop appropriate internet use guidelines that detail penalties for violating company cyber security policies. Establish rules on customer privacy and the protection of customer information and company data.

Protect computers, networks and data from cyber attacks.
The best defense is keeping systems updated with the latest security software, web browser and operating systems. Remember - Microsoft is ending support for Windows 7 and Windows Server 2008 in January, so check your computers and server to determine if you need to update.

Manage passwords.
Require employees to use unique passwords and to change them every three months.

Data Security vs. Data Protection: WHAT'S THE DIFFERENCE?

The first step to protecting your business in the digital age is to understand the distinctions between data security and data protection—they have very different roles and help defend against different types of vulnerabilities.

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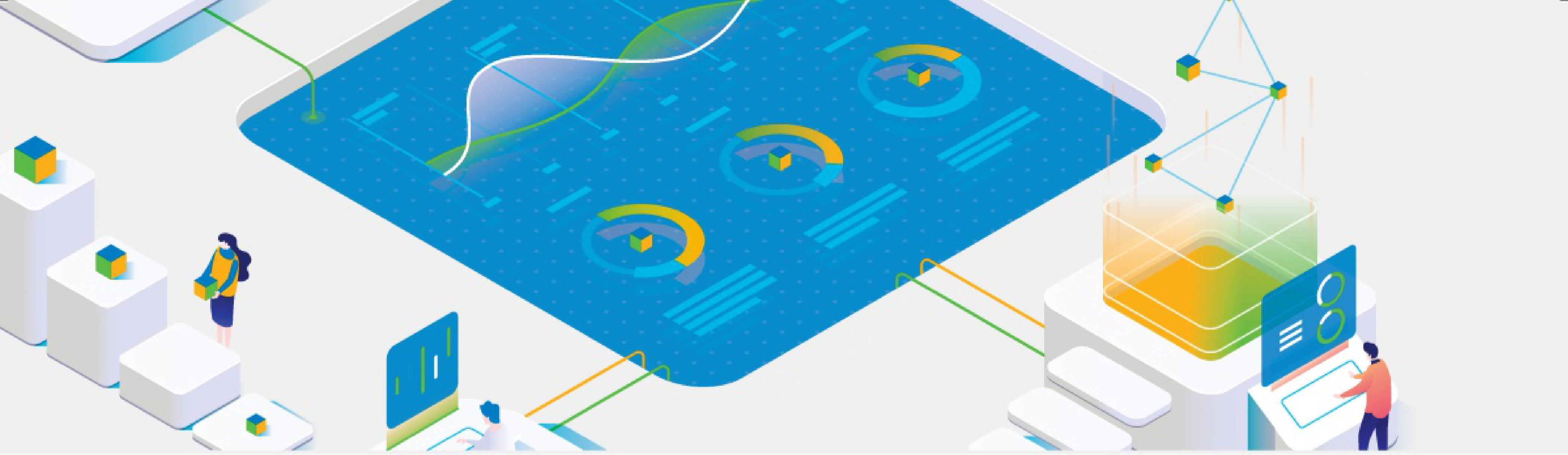

40%

"40% of small businesses don't back up data" [3]

140k

"140,000 hard drives fail each week in the U.S." [4]

Data Protection

Data-related outages and downtime can carry heavy costs—leading to reputation damage, loss of customer trust and financial damage resulting from the inability to get the information you need to get work done, and from potential fines and penalties.

In the worst-case scenario, a small business may not even recover if the infected data or system cannot be restored expeditiously.

DATA SECURITY SOLUTIONS

- Help prevent unauthorized access, use, disruption, modification, or destruction of data.
- Designed to prevent malware attacks and also prevent hackers from gaining access to systems.

DATA PROTECTION SOLUTIONS

- Provide a mix of services to protect companies from data loss and downtime.
- Restore data that is compromised at the system level or the file level, whether as aresult of data security attacks, device loss, employee negligence or natural disasters.

Helpful Data Protection Tips

Regularly back up the data on all computers and endpoints.
Ensure the backup solution under consideration is available in the cloud as a secure subscription service.

Create a mobile device action plan.
Employee use of mobile devices creates significant data protection challenges for businesses.

Subscribe to file sync and share.
Develop policies and select a business-grade FSS provider early on—otherwise, employees will adopt versions.

Develop policies for your files.
Consistent naming conventions, versioning and retention policies will make sharing files and backing up your data easier.

[1] Online Trust Alliance Cyber 2017 Data Breach Investigations Report
[2] "Ransomware shuts down 1 in 5 small businesses after it hits" (CNET)
[3] IDGresearch.com, 2015
[4] "Tips for What to Do If Your Hard Drive Fails" (Seagate)

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Editor's Note/

Time to Double Your Effort

Good things don't just happen.
They happen to people who hustle for them.

WE'VE ALL DONE IT: We see someone score amazing attention, or win some award, or snag the perfect client, and we wonder, *How'd they pull that off?*

It can seem random. *What do they have that we don't? How did luck happen to break their way?* I used to wonder this all the time. But now, after meeting so many entrepreneurs who have triumphed in so many ways, I see a pattern in their success. Here it is: They make it as easy as possible to be rewarded. They become the most responsive, most motivated person available. They become solution machines. They become impossible to not help.

That might sound obvious, but it's not. It's like a violation of physics! Remember Newton's third law? For every action, there is an equal and opposite reaction. That's similar to how we act. We're asked to do something, and we do it. We're asked for 15 minutes, and we give 15 minutes. Equal, opposite.

But now imagine another way. Imagine being asked for 15 minutes, and giving three hours. Imagine being asked for a few ideas, and giving an abundance of them. Imagine overdoing it in the best way, every time.

I now try to do this. I'll give you an example. A few months ago, a radio producer named Becca Bressler emailed me. She works for the fantastic show *Radiolab,* and her team was developing a unique episode. They were soliciting interesting questions from interesting people, and then tracking down the answers to see if any of it led to a good radio story. She likes my podcast *Pessimists Archive* (which I was thrilled to hear), and thought I might have some good questions for her to explore.

Oh, did I. Here was my plan of attack: Respond immediately. Be helpful at all avenues. Make sure that I somehow get onto *Radiolab,* where a mention of my podcast would go a long way. (And also, because it would be fun and I love *Radiolab.*)

First step: I got her email at, like, 10 P.M. and then sat on the couch for 45 minutes coming up with as many good questions as I could, even as my wife kept asking me to come to bed. Why? Because (a) I wanted to make the first impression that I was super-responsive, and (b) I didn't want to risk having Becca walk into an ideas meeting at *Radiolab* without my ideas. What if she had a meeting the next morning? I didn't know. Best to move fast.

Becca zeroed in on one of my questions. She wanted to interview me. I dropped everything to do it, set up a mic in my office, and gave her two different audio options. She mentioned offhand that she wanted to capture the sound of my room—what's called room tone—but forgot to actually do it, so I did it myself and emailed her the file. As she researched her story, I provided experts I thought could be helpful…and one was. She had follow-up questions? I'm back on mic. She needs to get in touch? Here's my cell—text any time.

In sum, I busted my ass so that Becca didn't have to (which is not to say Becca doesn't bust her ass). I knew she had a lot to juggle, so I wanted to make myself the absolute easiest part of her job. And the result? She created an awesome, awesome piece on *Radiolab*! Go find it—it's an episode called "Asking for a Friend," and I appear at 21:54. Her mention of my podcast drove a ton of listeners. It worked.

Hustle like this doesn't guarantee success, but I do think it increases the chances, and that's about as much control as you could ever hope to have. Just think about it for yourself: Aren't you frustrated when someone doesn't hustle to work with you? Aren't you more likely to help the person who makes life easier? Now turn it around. Don't just be the equal, opposite force. The equal force gets overlooked. Be the *overwhelming* force—the wind at someone's back. Move them toward you.

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Photograph / NIGEL PARRY

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Changing the Game

Many have tried to launch a new sports league. Few have succeeded. But that hasn't discouraged lacrosse star **Paul Rabil**, who's trying to revolutionize his sport—by competing against the league he once played for.

by PATRICK CARONE

→ **GAME ON**
(*Clockwise*) Rabil on the field; in work mode at the office; on the floor of the New York Stock Exchange with his brother Mike.

Lacrosse may not be the most popular sport in America, but this summer it may beat everyone else out for sheer business drama. The sport has been dominated since 2001 by an organization called Major League Lacrosse (MLL), and its most famous player was Paul Rabil. But Rabil was frustrated with his old league. So he hung up his cleats and, along with his brother Mike, decided to launch a competitor. Their new Premier Lacrosse League (PLL) kicks off on June 1, with games airing all summer long on NBC. They poached many of MLL's greatest players and are pursuing a totally new approach to teams: Rather than have teams based in cities, the way MLL (and most major pro sports leagues) does, PLL's six teams have no local identities. Instead, they'll all tour the country together—arriving as a group in one city, playing each other, and then moving on. Rabil knows he's up against a lot—but with the backing of investors, and nationwide exposure, he's plotting a big future for his up-and-coming company...and his sport.

Where did your love of lacrosse begin?
I first got a stick when I was 12. My neighbor gave me his backup equipment, and I remember playing for the first time and being so bad that I wanted to quit. My mom would drag me to practice once a week until I finally caught on.

Go mom!
She had the wisdom to know that when a 12-year-old experiences a little bit of failure, they'll want to quit. She said I had to honor my commitment through the first year—and I eventually began to get better.

And now you have a major influence on the sport in general. What are you risking personally by launching this league?
Everything. Any entrepreneur who is focused can see both

ends of the spectrum—what happens if it doesn't succeed, what happens if it does, and everywhere in between.

You're taking on Major League Lacrosse, which you played in for the past decade. What's the relationship there?
We spent about six months meeting with the owners of MLL to try to purchase and reformat it to our tour-based league. We couldn't agree to terms, so we pursued our strategy of building from scratch.

Where did that idea come from—touring with a small group of teams, instead of having teams based in different cities?
The NFL, the NBA, the NHL, and MLB are all in 30-plus markets, so most people have a team near their city. If we tried to do that with our six teams, we'd be a very localized league. My brother and I looked at which 21st-century leagues had succeeded—the UFC, Professional Bull Riders, the World Surf League—and they're all tour-based rather than city-based. We knew there was an untapped market opportunity.

So how did you sell investors on this? You're launching a business that has a high rate of failure—the Alliance of American Football (AAF) is suspending operations as we speak, and it hasn't even finished its first season.
You're right, building a pro sports league is certainly high risk. But while the AAF is a startup league and we're a startup league, our propositions are much different. We have the best players in the world, which is more in line with the NFL, the NBA, MLB, and the NHL. We're building a business off the revenue that can be generated from star players and competition. Ticket sales, media, corporate sponsorship, youth sports activation—those are our revenue opportunities, and we had to have a very tight, near-term plan that demonstrated how we could roll this out in 2019, 2020, and 2021, as well as where the future enterprise value was.

Still, did you acknowledge the risk up front?
One of the natural points of contention we heard in investor meetings was "Why hasn't this worked with the existing pro league?" We pointed out the aspects of the competitor's business model that differ from our own: They are city-based and, due to their distribution strategy, have had very few eyeballs on the core product on the field. We can boil our business down to two industries: live events and media. Those are meaningful businesses that have attracted a lot of venture capital in the past decade. There's a real economic trail to prosperity.

You mentioned that your league has the top talent. That's because you recruited away many of MLL's stars. How?
Players had been, on average, getting paid $8,000 to play an entire season of professional lacrosse. Not $8,000 per game; $8,000 for an *entire season.* There was no access to healthcare, and the accommodations were below the bar.

That salary is shocking.
There's this assumption that if you're a professional team-sport athlete, you're getting paid millions of dollars. It was quite the opposite in professional lacrosse. So when we built our pro forma for investors, we had to build a business model that could justify paying our players more, solving for healthcare challenges, and offering our players equity in the business.

I'm sure that as a player yourself, you knew what it would take to attract talent.
I had to create ancillary revenue streams to support an $8,000 wage [as a player]. So besides initially working for a real estate company, my brother and I opened a gym together, a camp clinic business, an online instructional series—we were both entrepreneurs at heart. Then I got an endorsement with Under Armour that gave me some leeway to play lacrosse full-time.

And eventually you became the game's first million-dollar athlete.
The experience I had as an entrepreneur in lacrosse—having worked with a number of corporate partners and networked with other sports business executives—I saw where [other] leagues and teams were winning at leveraging new media and tech, and I saw where our sport wasn't. You have to be incredibly versed in the industry that you're aiming to disrupt if you're going to have the confidence to go out and do it.

> "I SAW WHERE [OTHER] LEAGUES AND TEAMS WERE WINNING AT LEVERAGING NEW MEDIA AND TECH, AND I SAW WHERE OUR SPORT WASN'T. YOU HAVE TO BE INCREDIBLY VERSED IN THE INDUSTRY THAT YOU'RE AIMING TO DISRUPT."

To grow your league, I assume you can't just rely on serving existing lacrosse fans. You'll need to create new ones. What's the plan for that?
We studied the NHL in the '90s, when they were trying to figure out how to get non-hockey fans to watch a game on TV. Because it's difficult to track the puck, they experimented with a lot of different graphics to improve it. We're exploring different color palettes for the ball so it gets picked up on screen better, and using a higher number of cameras to improve angles and showcase the game at its finest.

Patriots head coach Bill Belichick is a mentor to you. Did his advice leave a mark on PLL?
We've talked about what the NFL does well—from broadcast distribution to capturing behind-the-scenes content—and explored best practices of what he does as the most successful coach in all of sports history. A lot of that has embedded itself in our vision.

Your new league will play its first games in Boston, on Belichick's home turf. Will he be there?
I hope so. We sent him some PLL merch.

3 Tips for Managing Profitable Retail Relationships

Reliability and customer service are key to building your business.

Nearly all the merchandise that makes it from a shelf into a physical or even virtual shopping cart must first take the journey from manufacturers and suppliers to retailers. It's an age-old concept but serves as a useful reminder that winning and keeping new sales channels requires that business owners prove to retail clients that their products will arrive in the time frame and condition that the client's shoppers demand.

In an increasingly competitive retail environment, excellent customer service from vendors to their retail customers is more important than ever. Maximizing your profitability depends as much on the quality of your reputation among retailers as on the volume of product you can ship.

Here are three ways to get the most out of relationships with retail clients:

1. Deliver consistency.
Retailers use vendor scorecards to determine their go-to suppliers. These scorecards measure how dependable suppliers are when it comes to filling orders on time and providing products in good condition and in the right quantities. Be sure to establish a strong line of communication with retail customers and avoid over-promising on product deliveries to win more business.

"Service and the reduction of damages or shortages are key," says Jonathan Partee, director of expedited sales and services at Old Dominion Freight Line, where he works with companies nationwide to optimize their retail shipping performance. "Those factors outweigh everything else."

Focusing on consistency and excellent customer service not only builds positive relationships with retail customers, but sets your business up for future growth, according to Partee. Improving your vendor scorecard and becoming a preferred supplier can lead to valuable opportunities like priority in product placement, seasonal specials, and access to new markets.

2. Choose reliable partners.
Just as retailers rely on vendors to provide the best merchandise to their customers, a strong partnership with a freight service helps vendors maximize their growth potential.

"The more you deliver on time, the more you get awarded more business," Partee says. "It's crucial that you pick the right carrier because it helps build your reputation."

When choosing a freight company, focus on those with track records that include high on-time delivery percentages and low damage claims, he says. Shipments that come in too late (or too early) cause disruptions from overcrowded warehouses to inventory shortages.

"Old Dominion's OnDemand service provides date-specific, time-specific delivery and our Guaranteed program offers guaranteed delivery for a certain day," Partee says. "We've proven we can help suppliers with their scorecards by providing a premium service."

3. Design with transport in mind.
Packaging choices can help ensure your merchandise arrives safely. "Retailers want finished goods to arrive in pristine packaging. Products that are damaged or dented are the last thing customers would buy out of a store," Partee says.

Consider how items will stack and travel when designing packaging and add corner protectors and shrink wrapping to shipments in order to preserve the full value of your products all the way to the shelf. Partee recommends using high-quality, four-way pallets and to make sure product order number labels are clearly visible to ease the process of moving goods from production facilities to the retailer's warehouse.

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Rebooting the Raisin

What happens when you have a recognizable brand but a declining business? Here's how **Sun-Maid** raisins' new CEO tackles the challenge. **by JASON FEIFER**

Harry Overly got an unexpected call one day from Sun-Maid, the raisin company with the famous red box featuring a grapes-carrying girl. It needed a new CEO—was he interested? "What is the appetite for risk?" he asked in response. Because Overly, a food industry veteran, knew the job wouldn't be easy. Two decades ago, American-grown raisins represented 45 percent of global raisin sales; today it's less than 20 percent. And Sun-Maid, which grows its product in California, had barely marketed itself during that time, which meant it had a lot of catching up to do.

The company promised it was willing to take risks, so in late 2017, Overly took the job. Then he set about reviving the brand by focusing on two main tasks: Sun-Maid needed a new voice and new products. But what voice? And what products? That would take time to figure out.

"Our biggest challenge was recognizing that our biggest source of volume were the Greatest Generation and baby boomers," Overly says. Those older folks snack on raisins. Young people don't—but they're the growth opportunity. That meant, as Sun-Maid developed a new marketing voice, it needed to somehow speak to millennials without alienating their parents (or grandparents).

Overly hired a branding team, and they began testing messages. They tried a focus on health—hyping Sun-Maid's nonprocessed, non-GMO raisins. But that proved dangerous; it made consumers wonder if Sun-Maid had been less healthy in the past. Eventually the team found a winner in nostalgia. Young and old consumers alike loved being reminded of eating raisins as kids. "Both groups individually thought the messaging was designed for them," he says. In early 2019, the brand released its first ad in 20 years, featuring an adorable little girl talking about childhood and raisins.

But although childhood made for good marketing, it also represented a problem. Sun-Maid's data shows that people buy raisins for their children but then stop when the children lose interest—and the next time those children buy raisins is when they're full-grown adults shopping for their own children. That's a huge gap in time. Overly wanted new products to fill it.

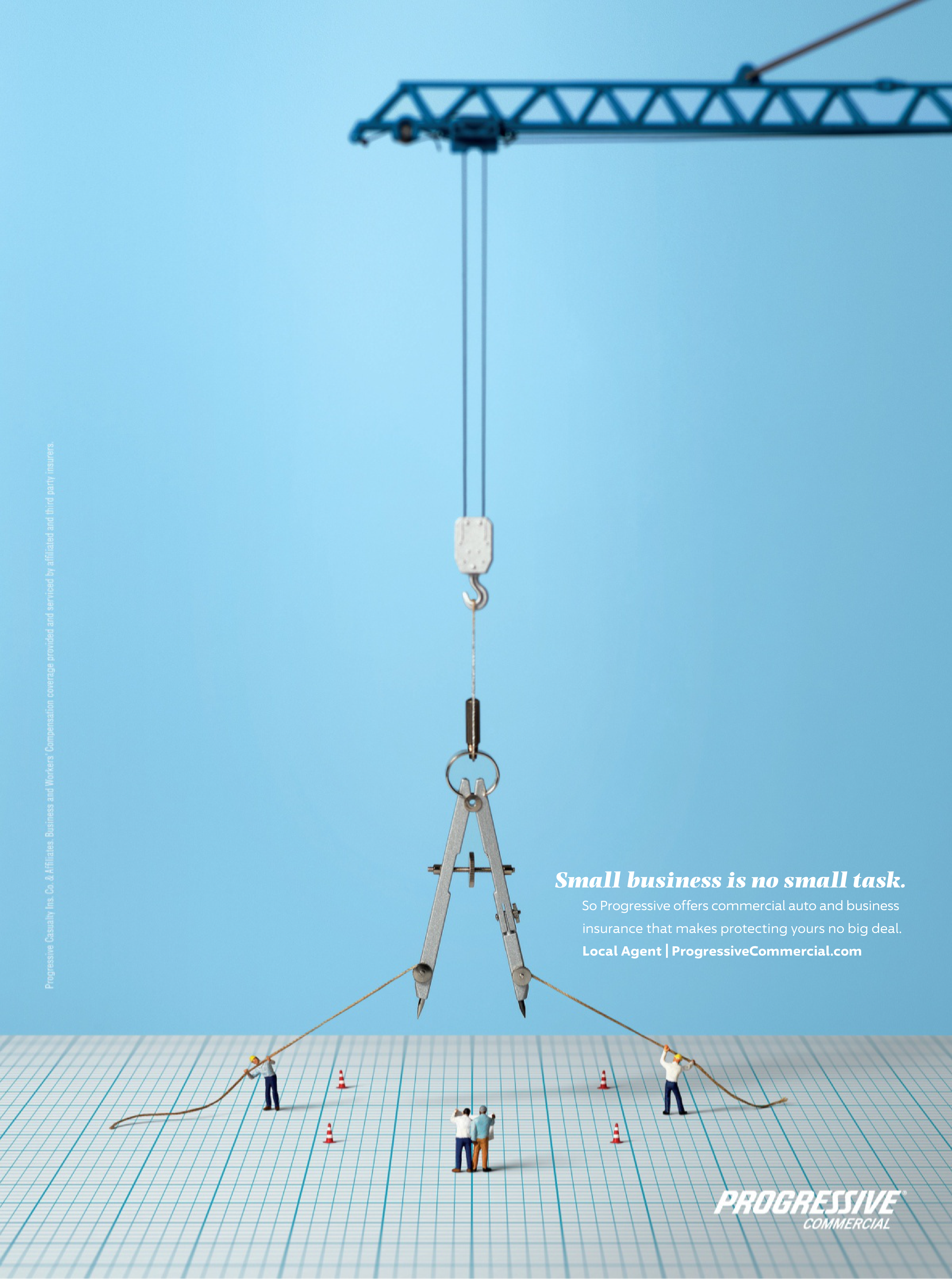
Sun-Maid had tried this before. In fact, just before Overly joined the company, it released a limited test product of sour raisins that taste like Sour Patch Kids. "We have this fantastic product," Overly says, but he spotted a problem. "We're not communicating it the right way, and we're not selling it in the right part of the store." Sun-Maid had always marketed its products as dried fruit, but Overly says that kept its sour raisins in the same part of a store as regular raisins—minimizing exposure to new customers. He wants to start competing in new categories, so he's repackaging the sour raisins to compete as a fruit snack, going head-to-head against Fruit Roll-Ups as a treat for older kids.

Where else can Sun-Maid compete? To find out, it did an exhaustive study—figuring out who trusts the brand, and what other categories of food they buy and would trust Sun-Maid to provide. "No surprise, we see overlap with nut mixes, granola bars, protein bites, and protein bars," Overly says. And that's just the start. He's now developing products to play on those shelves, too.

Overly expects big results. He wants the business to grow by $100 million in the next few years. Time will tell if he's successful. But he's encouraged by talking to consumers, who seem eager for change... so long as Sun-Maid's well-known packaging remains the same. "If you're going to do something different," they tell him, "you'd better have red, and you'd better have the girl." No problem, he says.

Hear Overly on our podcast Problem Solvers, *available on iTunes or wherever you find podcasts.*

Illustration / ZOHAR LAZAR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→ KIDS' STUFF
Teen entrepreneurs in the after-school program WIT launch businesses without fear of failure.

Learning to Fail

What can adult founders learn from fearless teenagers? Plenty.

by STEPHANIE SCHOMER

Koby Wheeler has launched and crashed three businesses. But he's not embarrassed by any of it. "It gives me more confidence," he says, "because I have those experiences. I know to ask better questions, I know to trust my gut, and I have a more long-term way of thinking."

It's a good perspective to have at any age—and in Wheeler's case, he's starting young. He's a freshman at the University of Texas at Dallas. His first three businesses failed while he was in high school. And he attributes his thick skin to a program he completed prior to graduation: It's called Whatever It Takes (WIT), a San Diego–based program that helps high schoolers ideate and launch businesses for college credit, and it puts a heavy emphasis on learning to celebrate their failures.

WIT may be a youth program, but it serves as an example of something important: Risk tolerance can be taught. That's why its founder, Sarah Hernholm, is now hired by companies across the country to give seminars to employees and encourage them to give WIT's way of thinking a try. Imagine it—a roomful of adult professionals, running through a program originally designed for kids. And it's just as useful to each generation.

To Hernholm, the starting line is simple: Most kids—and adults!—are taught that there's a "right" answer to everything. But entrepreneurship is different. "There's never a right answer," she says. "It's a mindset we have to unwrap and discard."

Instead, she urges people to look at their life and work as a series of ever-changing choices. Failure doesn't eliminate choices—it just creates new ones. You could choose to give up after a failure or choose to learn from it and then put that lesson into action. "Embracing your failures is really just about implementing radical transparency and ownership in your life," says Hernholm. "It's tough but powerful to activate that mindset and realize that *you have choices*."

She offers an example from her own work at WIT. She wanted to develop an online platform that would be like a LinkedIn for teenagers, but she wasn't entirely sure how it would work or if people would want it. Choices suddenly sprang up in front of her: She could ask for help, or barrel through to create her own version of a finished product. Hernholm chose the former. "The minute I had this idea, I went right to our students—the end users—and asked them what they thought. Some said, 'Why would I want that at all?' Others asked for specific features," she says. "But I didn't hide from negative feedback and try to do it on my own. We workshopped it, and now we're building something better together."

When students and adults run through exercises like this, they start to see how freeing that can be. When there's no right or wrong option, they're free to experiment, fail, and try anew. That's what really appealed to Griffin Clark, a high school senior and WIT participant who's developing a smartphone-powered laptop. He's helped local entrepreneurs before, but now he's pouring his own money into his project—and he has more of it than the typical 17-year-old, thanks to some smart Bitcoin investments that yielded him $10,000 to work with.

"Having money in the game changes things. I'm risking everything I have on this idea," he says. But he sees it as a worthy risk, regardless of whether this particular project succeeds. "I've never been good with authority, and I'll never be able to work a normal job," he says. "I need the freedom and room to do my own thing. So these aren't skills for a business. This is about how I'll build and live my life."

It's a choice he's making now.

PHOTOGRAPH COURTESY OF WIT—WHATEVER IT TAKES

3 WAYS INNOVATIVE PAPER PACKAGING CAN GIVE YOUR BUSINESS AN EDGE

Packaging design is an opportunity, one that often gets overlooked in the day-to-day crush of running a business. Smart brands understand that beyond protecting the products, exceptional packaging can also create an unboxing experience that can delight customers. “In our age of consumerism and anxiety, any sense of luxury or personal differentiation is a big deal,” says Isis Shiffer, the founder of Spitfire Industry, a New York City-based industrial design consultancy.

Packaging can also communicate your company’s values, whether that’s a commitment to a seamless user experience, sustainability, or a focus on health. Wellness brands, for example, often use undyed simple prints and plain, unvarnished corrugated cardboard, an aesthetic that conveys simplicity and transparency.

Below, Shiffer shares tips for harnessing the innovative applications of paper to create packaging that gives your product an edge over competitors.

1. Play with structure.
Paper is versatile. Capable of creating delicate details, it can also be incredibly sturdy. When smashed “it spreads the impact on a micro-level to fibers in all directions,” Shiffer says, enabling paper packaging to protect even the most fragile of contents.

The key is to strategically harness paper’s strength to protect a package’s contents. Corrugated cardboard triangles are your friend in this regard. When placed in the corner of a package, they will absorb impact, protecting whatever’s inside. Paper honeycomb, while flexible, is also capable of absorbing blows from one direction. In some cases, the packaging can even become part of the product, such as a toy car company in which the packaging doubles as the vehicle’s body.

Furniture companies are experts at the targeted deployment of cardboard to protect their wares. A number of them have gone a step further, manufacturing tables, chairs, even couches from cardboard itself. These pieces, which are assembled via a series of folds, are easy to ship because they pack flat.

2. Make it beautiful.
In addition to its functionality, paper is an ideal medium for printing elaborate, eye-catching, vibrant patterns, as its smooth surface allows for the even distribution of ink. Texture provides another opportunity to stand out, as does the shape and weight of the package itself. Top-shelf and artisanal businesses often map out the unboxing experience so that every detail enforces the brand’s aesthetic. A high-end tech company, for example, can communicate its products’ elegant, seamless design through luxurious soft-touch paper and a lid that slides open with a satisfying swoosh.

3. Consider the environmental impact.
The most common way to recycle paper is to send it to a recycling plant, where it is broken down into pulp and reused. The natural fiber in the box that arrives at your doorstep is a valuable resource that makes more boxes. Brown shipping boxes can contain a significant amount of recycled material.

Whenever possible, avoid expanded polystyrene. While the material can be suitable at protecting fragile objects, “you can’t compost it, recycle it, burn it, or melt it,” Shiffer says. “It just sits there.” Thanks to innovations in packaging, it’s possible to replace expanded polystyrene with more environmentally-friendly options, such as paper.

Shiffer recommends taking cues from companies that have already made sustainability an explicit part of their mission and have implemented strategies—such as using biodegradable plant dyes and waterproofing coating—to keep packaging from ending up in a landfill.

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Please recycle your boxes.

From the Makers of Paper and Packaging

MEREDITH GERTLER/ Executive vice president, HBO
"There's a lot going on in my life, and in my Core session last week, Tina Wells, CEO of Buzz Marketing Group, referenced a quote that helped me: 'Just focus on doing the next *right* thing,' instead of being overwhelmed by the big picture."

NICOLE FOSTER/ Head of global marketing and programs, Amazon Web Services, New York
"The group sessions leave you feeling heard, acknowledged, and valued. That can be rare, despite one's success. It's the idea that, yes, your skill set matters, but the relationships you build are what power companies forward."

Inside Chief, the Club for Female Executives

Interviews by **HAYDEN FIELD**

THE STATISTICS are familiar, and disheartening: Women in business hold less than 25 percent of all executive positions and less than 5 percent of CEO titles. For the women who do climb the corporate ladder, it can be lonely at the top—but a group called Chief is out to change that. The New York–based private network and club connects high-ranking women across industries, with the goal of fostering community and elevating more women into leadership roles. Chief launched in January with $3 million in funding and 200 founding members from such organizations as HBO, Amazon, Walmart, and Instagram. (The waitlist currently exceeds 4,000.) Its flagship offering, the Core program, splits members into groups of eight to 10 for monthly meetings to discuss their experiences in the workforce, and the Salon Series, held at Chief's Tribeca Clubhouse, offers everything from workshops on getting a board seat to monthly poker nights. Tell the old boys' club to move over.

SADIE THOMA/ Director, creative partnerships, Google
"I'm very involved with diversity and inclusion within Google, and it's also important to me outside work, figuring out how we can get more women into leadership positions across industries. It's about turning connections into deeper discussions: What insight can I offer that may help someone, and what perspective can I gain from these other strong leaders?"

Photograph / ADAM FRIEDBERG

ANTONIA SAINT DUNBAR/ Cofounder, Thinx and Antonia Saint NY
"Whoopi Goldberg spoke at our founding members' party and talked about how when women support other women, change really happens. If we're constantly competing, we'll never get the support we need in the workforce—like nursing rooms and good parental-leave policies. I'm fortunate to have a nook at my company where I can sit and pump breast milk for my baby, but so many women don't. The speech made me angry—and more motivated to grow a company that can drive change."

ANA LUCÍA ROSALES-BOUJNAH/ Vice president, creative services, Sotheby's
"I recently attended a breakfast at Chief on unconscious bias. It's something most of us know exists, but we see it happen and then live with it as the status quo—we can be unconsciously insensitive. Going forward, I'm being more mindful, trying to pause a bit before I speak and put myself in other people's shoes."

KAY HSU/ Creative director, Instagram Creative Shop
"A lot of people in my personal life aren't necessarily at the same stage in their careers, so as far as people with similar leadership experiences, I don't really have anybody to talk to. Now I'm connected with people who are facing very similar challenges at work, managing large teams, figuring out their next step, getting a promotion. I have a group of trusted advisers."

LINDSAY KAPLAN/ Cofounder, Chief
"Studies show that women who have a female-dominated inner circle are more likely to attain leadership positions. One of the most rewarding things has been watching spectacular women in similar roles at similar companies—who we assumed knew one another—connect for the first time. It's establishing an intentional network of women sitting around that boardroom, creating lines of succession."

Fight for Your Vision

Melissa Butler knew her line of brightly colored lipsticks would be a hit—so when the beauty industry ignored and even rejected her, she kept moving forward. **by STEPHANIE SCHOMER**

Two things led Melissa Butler to become an entrepreneur: She hated her Wall Street job; and as a Black woman, she couldn't find lipstick that complemented her skin tone. "Growing up, I never saw people who looked like me and were considered beautiful," she says. "As I got older, I started understanding how the beauty industry perpetuates this B.S., linear idea of beauty." So Butler set out to create a better beauty brand, offering vegan, cruelty-free lipsticks in bold shades like purple and green. She had no idea what she was doing—but naivete served her well, forcing her to take risks when she had no other option. Today, thanks to relentless hard work (and a little bit of stalking), The Lip Bar is an eight-year-old brand with $2 million in funding and shelf space at Target. Here's how she built it.

1/ Ask questions—and get answers.
Butler started by reading books on cosmetic chemistry, and when she needed more details, she went straight to the experts. "I was literally stalking cosmetic chemists on LinkedIn," she says. "I'd ask them about very specific problems I had, rather than for general advice. When I made it easy for them to give me a direct response, I got specific feedback."

2/ Get cooking.
Butler spent a year (and $6,000) experimenting with lipstick formulas in her kitchen, working all night after her Wall Street day job. Then she designed unique, Victorian-inspired packaging but couldn't find a manufacturer. "People in the U.S. charged $1.50 per tube, and I couldn't afford that," she says. So Butler, who'd studied abroad in China, reached out to old contacts and eventually found a vendor that worked—at the right price.

3/ Grow up.
Butler launched The Lip Bar online and grew it for three years via word of mouth. When she struck a retail deal with Urban Outfitters, she had to make big changes—fast. "I was still handcrafting each item in my kitchen," she says. To find a lab to boost production, she researched industry trade shows. "I couldn't afford the $1,500 to attend, so I'd just go to the entry hall, get the vendor list, and call them, one by one."

4/ Be persistent.
Poised for growth with a new manufacturer, Butler set her sights on Target and once again turned to LinkedIn to search for buyers at the retailer. The seventh person she emailed responded—but simply said he'd forward her note to the correct contact. Weeks passed. Butler followed up. "He said, 'Oh, Amanda is on maternity leave,'" Butler recalls. "That was all I needed—her first name! I googled 'Amanda beauty buyer Target' and had my direct in. She got back to me, I sent samples, and we had a deal."

5/ Overcome defeat.
Butler's first meeting with investors happened to take place on *Shark Tank*—where the Sharks brutally turned her down. "I wasn't upset that they were mean," Butler says. "I was frustrated that they didn't take us seriously—our margins are huge, and they didn't ask us any of that." But the exposure was perfectly timed: "A rerun of that episode aired the day we launched in Target," Butler says. "It couldn't have been better."

6/ Raise money—with the right investor.
Butler says 200 investors turned her down, but when she spotted SheaMoisture CEO Richelieu Dennis at a trade show, her luck shifted. "I gave him my elevator pitch, but he said he already knew who I was and complimented my business," she says. Over two years, Dennis became a mentor to Butler, and in 2018, he invested in The Lip Bar; he remains the brand's sole investor.

PHOTOGRAPH COURTESY OF THE LIP BAR


Experts love it.
Readers voted for it.
Intruders?
Not really feeling it.
READERS' CHOICE AWARDS 2018 PCMAG
EDITORS' CHOICE AWARDS 2018 PCMAG
But that should come as no surprise for home security that's designed to stand up to surprises, from unexpected power outages to uninvited guests. Could be why PCMag recently named us both Readers' Choice and Editors' Choice. And why more than 3 million people now rely on SimpliSafe for 24/7 protection, with another home opting in every 3.5 seconds. SimpliSafe is home security that makes it easy to love home security.
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12 Ways to Rock LinkedIn

It's not enough to just complete your profile. To really stand out, you must understand how LinkedIn works—and whom it rewards. Ted Prodromou, author of the book ***Ultimate Guide to LinkedIn for Business***, explains how.

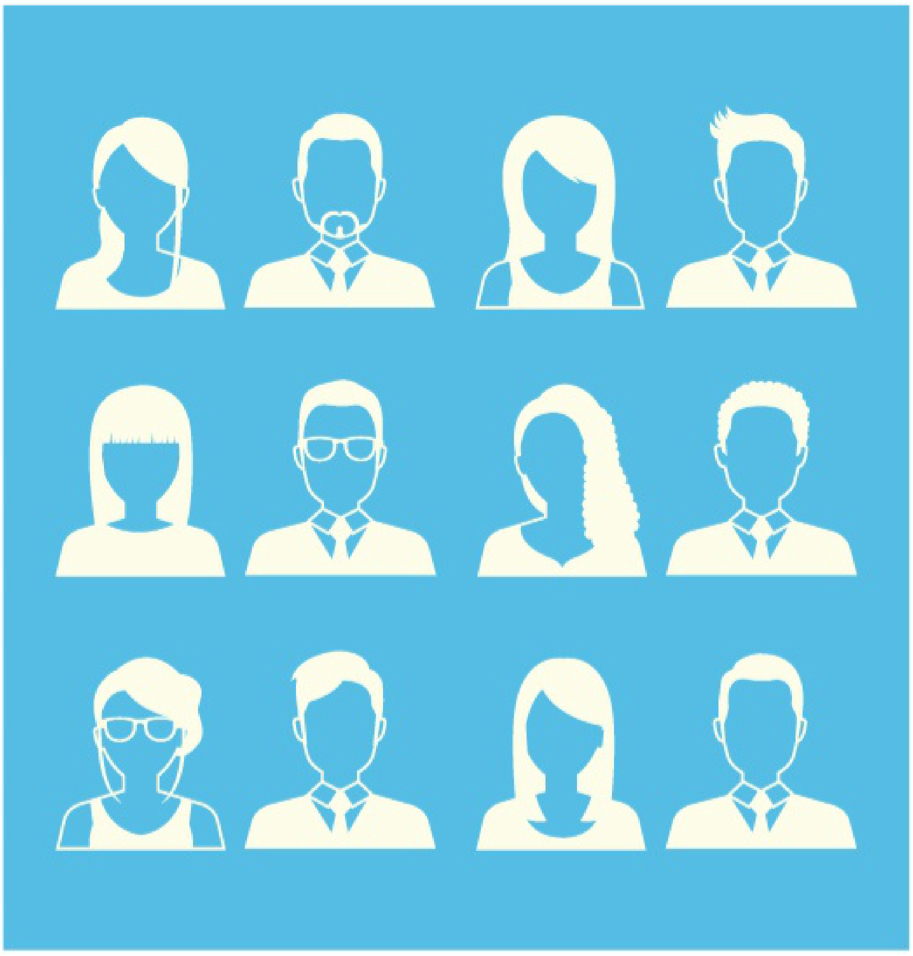

ILLUSTRATION BY SHUTTERSTOCK/STUDIO_G

With approximately 610 million members and growing, LinkedIn is the world's largest business-oriented search engine. But most LinkedIn members see it as nothing more than a place to post their online résumé. According to the company, only 40 percent of members log in more than once a month. The other 60 percent, apparently, hope that others will simply find their résumés among the digital pile. But the truth is, that's not how LinkedIn works. To really gain value on the platform, you need to provide value to it in exchange. For example, having a complete profile—we're talking info on your background, education, and areas of expertise—can help you achieve what LinkedIn calls All-Star status. That's much more than a moniker: the more complete your profile, the higher you rank in searches on the platform. In fact, LinkedIn says that members who list five or more skills receive as many as 17 times more profile views. And don't forget that LinkedIn profiles rank high in Google searches, too. Here are 12 simple things you can do to boost your visibility—from engaging with the LinkedIn community to optimizing every feature.

1/ Brand your profile header.

THE TOP of your LinkedIn profile has space for an image. Use it to display your personal branding or your corporate logo, and then do the same on your other social media platforms. That way, you'll look consistent across the internet (and you can bet an interested party will look at every profile you have). People will perceive your organization as being high-quality and professional, even if you are a small firm.

2/ Invest in a professional headshot.

PHOTOS MATTER. LinkedIn says that when a user includes a profile photo, they receive 21 times more profile views and up to 36 times more messages. And with that many eyeballs on your photo, don't offer anything but the best. Cropped photos from a wedding reception will not help your professional image. Would you trust a financial adviser if they displayed a blurry selfie as their photo?

3/ Add a client-centric headline...

YOUR PROFILE has a headline—it shows up at the top, and underneath your name whenever you comment on a post. By default, LinkedIn puts your job title in this space, but unless your title is unique, it's a missed opportunity. Instead, use a benefit-related statement that tells viewers how you can serve them. For example, "I help small-business owners build systems, delete the chaos, and increase sales."

4/ ...and pay it off in your summary.

YOU PICK UP a book at the library because the title grabbed your attention. Think of your profile headline as the book title—and now think of your profile summary as the inside flap of the book, which entices people to keep reading. Your goal is to keep the reader scrolling through your entire LinkedIn profile so they get to know you and learn about your expertise.

5/ Endorse your colleagues and clients.

THIS FEATURE may be confusing—you may wonder if writing endorsements for others really matters, or if anyone cares. That's open for debate, but here's what's undeniable: When you endorse someone else, your recommendation (plus your name and photo) appears in their profile. That gives you more exposure to their network.

6/ Add multimedia content.

YOU CAN LINK to video, audio, and written materials in your LinkedIn profile—but rather than just use that space as a showcase, I suggest regularly testing new material and monitoring your views to see which content is popular, so you'll know how best to impress your audience. For instance, I post "how-to" videos and presentations in my LinkedIn profile so people can learn from me and experience my teaching style.

7/ Upload native videos.

LINKEDIN wants to keep people inside its platform, and sees video as a good way to do that. That's why, when you upload video directly to LinkedIn, its algorithm will reward you with more video views. (By contrast, if you link to YouTube, the algorithm will depress its reach.) LinkedIn allows videos to be up to 10 minutes long, but I'd advise keeping it short—users love how-to tips, perspectives, and breaking industry news.

8/ Write content on the platform.

MUCH LIKE IT does with video, LinkedIn rewards you with more visibility when you write articles inside its platform. Even better, LinkedIn will give you reader data you can use to help position yourself as a subject-matter expert: By tapping "Me" in the LinkedIn app, you can find real-time insights into who's reading your articles, including their employers, job titles, and locations.

9/ Include hashtags in posts.

HASHTAGS ON LinkedIn work differently than they do on Facebook and Twitter, where it's unlikely that people are monitoring broad tags like #motivation. LinkedIn recently started encouraging users to join hashtag communities around core business and personal growth subjects. (#motivation has 12 million followers!) When you share content, adding these hashtags will expand your reach exponentially.

10/ Update your education.

ALUMNI NETWORKS are strong on LinkedIn, and easy to activate. To find alumni from your school, filter your LinkedIn people search by selecting your college in the "School" field. Connect with them on LinkedIn and ask them who their best referral is. Send them some referrals and they will gladly return the favor.

11/ Join LinkedIn groups.

MEMBERS CAN create groups on LinkedIn, which often bring together people in similar professions ("Digital Marketing" has 1.1 million members) or skill sets ("Adobe Photoshop" has more than 317,000 members). When you join a group, it becomes part of your extended network. Your profile will start appearing in the right sidebar of those group member profiles, giving you lots of free exposure in a specialized community.

12/ Use LinkedIn Profinder to get clients.

SIGN UP TO BE a service provider in Profinder and you will receive leads from people looking for your expertise. They're free, to an extent. (If you want to respond to more than five a month, you must pay for LinkedIn Premium.) All kinds of professionals are on here, including coaches, marketers, developers, IT services, writers, consultants, and more. I receive 10 to 15 coaching requests every day from Profinder.

Ready, Set, Launch!

What's the best way to tell the world that your company exists and is open for business? Six entrepreneurs share their launch strategies and stories.

1/ Target influencers.

"After years designing graphic tees for large retailers, I decided to strike out on my own. I produced a small run of shirts and proposed a trade with local fashion bloggers: If they'd serve as the models for my T-shirt website, I'd provide my professional photography services to their blogs for free. It worked wonders! They'd often post about my brand and recommend me to other bloggers, too."

—DANIELLE NAGEL, founder, Dazey LA

2/ Test your concept.

"We launched Floyd in 2014 on Kickstarter with a set of table legs—customers could turn virtually any surface into a table. We wanted to solve a problem around the disposability of furniture and to see if it was a pain point for more people than just us. The goal was to presell $18,000 worth of product; we did $250,000. It was a boot camp for scaling and getting our model together. It gave us a foundation and the capital to get rolling."

—KYLE HOFF, cofounder, Floyd

3/ Meet your customers.

"We opened the first Hummus & Pita Co. before social media hit its peak, so our launch tactics were very grassroots. We shared samples on the street, put big signs in the windows to tease the launch and get neighbors excited, and went door-to-door to local businesses and schools to hand out coupons. It was all about the local community."

—DAVE PESSO, cofounder, Hummus & Pita Co.

4/ Generate buzz.

"We launched shortly after Donald Trump was elected and Republicans in Congress were going after Planned Parenthood. As a female-founded sexual health company, we took a stand with a creative PR stunt. Vibes for Congress let customers send a vibrator to a congressional member of their choice, with profits going to Planned Parenthood. We thought maybe 100 people would participate, but *thousands* did. The press was insane—more than 40 publications wrote about us within a week."

—POLLY RODRIGUEZ, cofounder and CEO, Unbound

5/ Win over tastemakers.

"Before launching to the public, it was essential that consumers, press, and the food community understood not only the benefits of our indoor-farming operation but also the flavor of our produce. We shared products with potential chefs and retail partners, creating a foundation with what became our first customers, Foragers and Whole Foods. It's also how we connected with chef Tom Colicchio, who became an investor and adviser."

—IRVING FAIN, cofounder and CEO, Bowery Farming

6/ Activate your network.

"We did a private launch to 100 friends and asked each one to share the emails of two other friends they thought would like our men's grooming products. We then asked the same thing of *those* friends. We reached thousands from our starting point of 100."

—BRIAN JEONG, cofounder and CEO, Hawthorne

Illustration / PETE RYAN

My Instant Hit Was a Total Failure

I had a great product. An immediate financial winner. But you know that gut feeling? Here's what I found out. (Trust me, it was painful.) by **JONATHAN GOODMAN**

→ THE MONEY WAS NICE… But Goodman realized it wasn't right.

PHOTOGRAPH COURTESY OF PERSONAL TRAINER DEVELOPMENT CENTER

Sleepless, worry-filled nights are normal for any founder. But they shouldn't continue for weeks. My subconscious mind was telling me something. But what?

I run a company called Personal Trainer Development Center, which, like the name suggests, produces resources to help personal trainers grow their businesses. We do this in many ways—articles, books, an online certification program, and more. And around the time the insomnia hit, we had just created a new resource: It was a print newsletter called *Fitness Marketing Monthly*. But that can't be the problem, I thought. The newsletter was a hit!

Consider our numbers. We launched in July 2018 with 1,615 subscribers, who paid a special introductory rate of $39.97 a month. By September, we had subscribers in 62 countries paying as much as $59.97 per issue. This was without much marketing. All told, the newsletter generated $89,685 a month in revenue, with profits of $32,025.

But something was gnawing at me. Despite the profit, something just wasn't right. So I dove into the details, and by our tenth issue, I decided to kill the newsletter…even though by that point it had added more than $300,000 to my bottom line. Why? Here's what I learned.

Lesson #1/ Listen to what customers *aren't* saying.

After I launched our certification program in 2016, it earned more than 1,000 unsolicited testimonials. That's what happens when you change your customers' lives: They let you know!

The newsletter, on the other hand, generated fewer than a dozen raves. People kept signing up, but they didn't seem enthusiastic—and six percent of users dropped it each month. At first, I thought that was just the normal churn for a product like this. The strong revenue blinded me to the larger problem.

Lesson #2/ Figure out how valuable (or not) you are.

After puzzling over this product for months, I finally brought in a consulting firm to help. They gathered data points and interviewed former and current subscribers. They asked my customers, "What would you do if you didn't have this newsletter?" Many answered with some version of "I'd just go to the free content on the site, or ask questions in the Facebook group. Most of this stuff is already out there."

And it got worse. When the consultants asked our customers how they hoped the newsletter would change their business, many of them said they didn't really know. They just thought it would be valuable. Why? Because I'd said so…and my customers trusted *me.*

That hurt. Was I abusing their trust?

Lesson #3/ Reach the right audience.

We created the newsletter for a specific customer: a fitness pro with three to five years' experience and a full slate of clients, who's ready to grow their business further.

But that's not who was reading. Our consultants discovered that 94 percent of subscribers were *newer* trainers, and their biggest concern was getting more clients. Here we'd been giving them more than 20,000 words a month about opening gyms, marketing new products, writing books, and getting their articles published—none of which was relevant to them.

Once we learned this, we wondered: *Do we just refocus the newsletter?* It was tempting. But it was doomed to fail. Early-stage trainers don't tend to have $60 a month to pay for a newsletter long-term, so our churn rate would keep climbing. We had a better idea. Rather than spend a lot producing a monthly print newsletter, we could spend that same money on a bimonthly series of $10-to-$20 books to address this audience's needs—ideally getting them to a level of success where they'd consider enrolling in our Online Trainer Academy.

We could have kept publishing the newsletter for a long time, with a tremendous profit. But at what cost? Our customers trust us with their money and time. And a company that doesn't respect its customers doesn't deserve them.

For the record, I now sleep like a baby.

Whom Do I Hire First?

Growing a team is an important (and intimidating) step for a startup. And when money is tight, the pressure is on to get every hire right. **by ADAM BORNSTEIN**

Q I'm starting to hire, and, frankly, I need more help than I can afford. How do I prioritize what roles need to be filled?
—JILL K., SYRACUSE, N.Y.

RAY DALIO, the founder of Bridgewater Associates, who's known as the king of hedge funds, is famous for saying, "Hire right, because the penalties of hiring wrong are huge."

These are obvious words from a brilliant man. But the problem is, there's no script for hiring "right" when you're in startup mode. You have a hundred different needs but can afford only a handful of positions to do the work. So before you begin, do yourself a favor and lower your expectations. You don't *need* to make many hires all at once, and you don't have to fill hyperspecific roles in your company. Rather, you just need to find the right *types* of people who will best support early growth.

What are the right types? To find the answer, look at your own biggest weaknesses. Where are your blind spots? What is your Achilles' heel, the thing that could have a crippling effect on early-stage growth? When you know the answer, you'll know your hiring initiatives.

In my experience, startup founders tend to be weakest in storytelling, industry expertise, and product development. If that's the case for you, you'll want to focus on hiring at least one of the following people: a visionary to drive your marketing, an industry leader whose knowledge will help you accelerate, and a technical wunderkind who can transform your product. Don't worry about roles and responsibilities; at this stage, you're focusing on creating a well-rounded team... even if it's you and one or two other people.

Now that you've identified the type of person you need to hire, you'll need to filter for who's the best fit. Keep in mind that the survival and ultimate growth of your business depends much more on *values* than skills. Early-stage companies need a shared vision, mission, and purpose. You don't need everyone to agree, but you do need trust and alignment. Ask early candidates why they value the business, and—most important—how they would contribute to and further improve the culture. This way, you can avoid groupthink or too much homogeneity, both of which hinder startups.

If you can't afford to fill all the gaps, you can also get creative with your resources. Despite what many people believe, successful growth is not dependent on building a big team filled with skilled employees. It's entirely possible to find quality contractors who are both readily available and adaptable to almost any business. It's a benefit I've seen work time and time again for startups.

Here's how I approached it: When I was building Pen Name Consulting, where we blend strategy and content with analytics, user experience, and data to grow our clients' businesses, I knew I needed help with the analytics and user optimization part of the business. Those were my weak points. So for my first hire, I pried my brother Jordan away from his data-driven life at Deloitte and brought him aboard at Pen Name. He had the skills I didn't, and I trusted him to share my vision. For two years, we were the only full-time staff. We outsourced the rest of the work until we had enough growth to add to our team.

What's next for you...and, for that matter, for us? Don't worry about it now. You're not hiring the team that will necessarily be in place in five years. The staff that gets you from zero to $1 million likely won't be the same staff that takes you to $50 million—and that's OK. A long-term vision is important, but short-term focus is what you need to survive and advance.

Adam Bornstein is the founder of Pen Name Consulting, a marketing and branding agency, and the creator of two12, a mentorship experience for entrepreneurs.

Illustration / FEDERICO GASTALDI


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Rejecting Rejection

Michelle Pfeiffer
wanted the fragrance industry
to change its ways.
The fragrance industry said no.
That's when she discovered
what it really means
to be an entrepreneur:
If you want something done,
you do it yourself.

by JASON FEIFER

When Michelle Pfeiffer calls someone,

they generally answer. It's a benefit of celebrity. And so, many years ago, when Pfeiffer wanted to solve a problem, she assumed the solution would be that simple. "I did what, traditionally, a lot of celebrities do, because that was really the only thing that I knew," she says.

She wanted a fine fragrance company to create a "transparent" product—that is, a perfume or cologne that would list every ingredient it contains, just like you'd find on the side of your morning cereal box. Nothing like this existed, but perhaps, she thought, that's just because nobody like her had asked for it. She started reaching out to major cosmetics brands (she won't name names, but think about the bottles you'd find at Macy's) and offered her services to them: If they made a transparent fragrance, she'd attach her name to it.

They all said no. "They were unwilling to be 100 percent transparent," Pfeiffer says. A movie star's unstoppable star power had met the immovable object: the secrecy of the fragrance industry.

Pfeiffer never really desired to start a business. She'd accomplished plenty as an actor, and a new career wasn't on her bucket list. But now she faced the kind of crossroads that creates entrepreneurs: Something doesn't exist in the world; there is a problem to be solved. And there's only one way to solve it. *I will have to do this myself,* Pfeiffer thought. *I will have to build a company.*

"I hope you realize what you're getting yourself into," she remembers a friend telling her. "Is this something you really want to do?"

Back then, around 2011, Pfeiffer was dogged and full of optimism. "I was like, 'Yeah, let's go!'" she recalls.

But she *didn't* realize what she was getting herself into: years of rejection and failed partnerships and more meetings than she can count within an industry that had almost zero interest in change. "If I had known then how hard it was," she admits now, "I'm not sure I would have done it."

And yet she did. She created a brand called Henry Rose, a gender-neutral fine-fragrance company that in April released its first products—and marked a few historic firsts for the industry.

Henry Rose is the first fine-fragrance company to reveal all its ingredients, and the first to earn two leading organizations' environmental and safety certifications. And although Pfeiffer has now reached the culmination of a process that spanned 20 years off and on (and fully consumed her for the past three), she knows this is no time to feel smug. "The launch is actually not the end," she says. "It's the beginning."

Pfeiffer, to her own great surprise, has become an entrepreneur.

IT ALL STARTED WHEN she became a parent.

"I began to pay closer attention to the products I was exposing myself and my kids to," she says—what they ate, the shampoos they used, the perfumes she sprayed on her body. Around the same time, both her father and best friend were diagnosed with cancer, which raised her concern more. "I started searching for products that were healthier," she says.

It wasn't easy. This was the late 1990s; consumers weren't talking about safety much, so neither were companies. Pfeiffer eventually discovered an advocacy organization called the Environmental Working Group, which had a website, Skin Deep, that ranks cosmetics products based on the safety of their ingredients. "Man, I went down the rabbit hole," she says. Pfeiffer was horrified to discover that fine fragrances all ranked low—not necessarily because they were dangerous but because their creators wouldn't reveal what was in them. In the absence of information, she stopped wearing perfume.

Years went by. Pfeiffer kept researching and thinking, and around 2009, she started to see a cultural shift. More people were talking about product safety. So she made those first calls to fragrance brands, offering to endorse a transparent product. When they all said no, she reached out to the Environmental Working Group, figuring at least it would develop a line with her. But EWG was focused on changing policy at a government level; it didn't work with businesses. Once again, rejection.

Pfeiffer was discouraged but not deterred. If there's one thing Hollywood teaches—even to legends—it's how to deal with rejection. "You never can get too comfortable," she says. "I don't care how famous you become, or successful; you think your last job may be your last job. And so you learn to live with that uncertainty." And so, she says, she's developed a strategy to deal with the uncertainty: "Keep yourself busy."

Pfeiffer did just that. She met with anyone who had insight on the industry, and each meeting led to a fresh introduction. "This went on for years," she says. But the most important connection, it would turn out, would be one she'd already made. In 2016, Pfeiffer called EWG again and discovered that the organization no longer focused solely on policy—it was now also working directly with brands. "I probably spend half my time talking to people in the private sector, to make things happen deeper or faster than passing regulations or law," says Ken Cook, EWG's president, who invited Pfeiffer to join the company's board. "That's where policy is being made now, with entrepreneurs like Michelle who are not waiting for the federal government."

Cook suggested that Pfeiffer bypass fragrance brands entirely and manufacture her dream product on her own—something she hadn't even realized was possible, but it is. There's a whole world of companies called fragrance houses that brands from Old Spice to Chanel contract with to create their products. Why couldn't Pfeiffer contract with them, too?

As it turned out, most fragrance houses were *also* not into the idea of being transparent about their ingredients. This wasn't for any nefarious reason, they say, but a matter of appeasing their clients' fears: What's a $300 bottle of perfume really worth if someone else knows how to make it? But Pfeiffer finally found one house (again, she won't name names) that was willing to work with her. She spent a year developing formulas there…until the company suddenly about-faced, for reasons Pfeiffer isn't clear on, and said it couldn't reveal every ingredient to the public after all.

That's when, she says, she received two of her first big lessons.

"I've learned as an entrepreneur that when you set out with a really high standard, there are many points along the way where you come to a crossroads—where you have the choice of compromising

PHOTOGRAPHS BY DANIELLE LEVITT

→ **PERFUME PARTNERS** Pfeiffer with her business partner and CEO, Melina Polly.

she wouldn't waste a year with a fragrance house that wasn't fully on board with her mission.

By the end of the meeting, she was convinced IFF could make what she wanted. Right there in the office, in front of everyone, Pfeiffer was so relieved that she cried. "But I'm a little bit of a soppy cow," she says.

The laboratory inside IFF's Manhattan headquarters is enormous—nearly the entire floor of a large office building. It's divided up into little bays, where perfumers carefully combine drops from thousands of bottles of fragrant liquids. Some ingredients are natural (say, the oil pressed from a flower) and others are man-made, and in various combinations they can create anything from a fancy perfume to the scent of chewing gum. And these, at long last, were what Pfeiffer wanted to control.

The two organizations, C2C and EWG, began reviewing these thousands of ingredients, nixing the ones that didn't meet their various standards. By the end, IFF's perfumers were left with about 300—roughly 10 percent of the amount of ingredients typically available for a new job.

"Is it challenging? Yes," says Pascal Gaurin, one of the perfumers who developed Pfeiffer's scents. "But I don't see what I'm missing; I see what I have. If you start complaining, 'I don't have this' or 'I don't have that,' you're shooting yourself in the foot at the beginning."

or not," she says. "You've come this far. And you think, *If I just compromise this tiny little bit, I won't have to start all over*."

She agonized over the decision, and ultimately she walked away, opting to start again and do this thing right. It's what led to the second lesson: "Somebody said to me, 'Well, just consider that your education fund. Every entrepreneur, every new startup, has an education fund,'" she says. "So that made me feel a little bit better."

But now more than a decade had passed, and she was still at square one.

FINALLY, A BREAKTHROUGH. In 2017, Pfeiffer called another fragrance house called International Flavors & Fragrances (known as IFF). It had just started working with an organization called Cradle to Cradle (or C2C), which certifies ingredients and products for their environmental sustainability. That meant IFF, which designs scents for many of the world's largest fragrance brands, was already primed to work under very strict standards.

"We are pretty good at making the impossible possible," says IFF's VP of fine-fragrance sales, Frederic Pignault, who took that first call with Pfeiffer. A meeting was arranged, and Pfeiffer brought one of EWG's executives along with her. Pfeiffer wanted to make sure that, this time,

Two years of testing and experimentation followed. Pfeiffer dived deep into the ingredients that made the cut. Vetiver, for example, is an oil derived from a tall grass grown in Haiti, and would go on to be used in three of her company's five fragrances. So Pfeiffer and her husband, David Kelley, as well as the IFF team flew down to the Caribbean nation to see how the crop is grown, harvested, treated, and processed. (To comply with C2C standards, IFF works with its suppliers to help support the local farmers—say, by providing them with farm animals to raise and eat.)

All the while, she began staring down the next phase of this adventure. She'd finally found a way to develop a product, but she had no brand to wrap it in—no name, no design, no concept, and, most important, nobody who knew how to grow a business. So once again, she kept busy.

"I literally just would keep talking to people, and I think a part of me—a big part of me—would go into every meeting hoping and feeling like maybe this person will, after they meet with me, say, 'I'll run this company for you! Let's do this together!'" she says. "That didn't happen." And when she started looking for a CEO in earnest, she found a lot of people who said they'd want to own a large portion of

➔ **SMELL THE ROSES**
Henry Rose's packaging puts the product first, mission second.

They also decided the box and the bottle would not contain Pfeiffer's name or face. She'll be a big part of the marketing at launch, sure, but they agreed that Henry Rose couldn't be anchored to her celebrity. It had to stand on its own. "If we've succeeded," Pfeiffer says, "I can recede more and more into the background, and they can just roll me out and dust me off when they need me."

From all this, a strategy emerged. Henry Rose's marketing language plays off the concept of transparent ingredients, but with an evocative twist: *Come closer; we'll tell you everything*. The product comes in an elegant gray box; open it and you'll first find a small booklet that contains the fragrance's ingredients and some information on the certifications. Underneath is the product itself—in a simple, clear, dome-shaped bottle (made from recycled glass), with nary a mention of a mission statement.

To start, Henry Rose will be sold online only, and the company plans to explore retail partnerships as the brand grows and finds its own community and customer base. There are other lessons to be learned, too: Buzzy startups like Phlur, Pinrose, and Commodity have already proven that direct-to-consumer fragrances can work—with the right sampling method. Henry Rose will sell a sample pack of its five scents for $20; if a customer decides to buy a full bottle at its $120 price within 30 days, that initial $20 will be applied to the purchase. The company argues that this is a better way to sample scents. A fragrance evolves as it sits on your skin, so how it smells in the store is not how it'll smell an hour later. (That's why, Pfeiffer says, her home contains a vanity full of fragrances she adored in a department store, then came to hate shortly after.)

Twenty years of work, and this is what has finally come of it: a product, a brand, and a sales strategy. Now, of course, comes the truly hard challenge of making people care, learning from their reactions, and growing the brand into something sustainable.

"I'm a little numb at this point," Pfeiffer says, "and not sleeping a lot." She's talking in late March, when the launch of her product is two weeks away. She and Polly are hunkered down in their office, a sparse little startup place in Los Angeles with a green carpet, a small table with a phone on it, and boxes of product everywhere. They've hung a whiteboard on the wall and filled it with a quote from the cartoonist Stephen McCranie: "The master has failed more times than the beginner has even tried." It is, they say, a helpful reminder.

To Pfeiffer, this is all backward from the world she'd come from. On a movie shoot, she says, the beginning is the most chaotic—fittings and rehearsals and rewrites, but then the groundwork is laid and everyone gets on with the business of making a finished product. Entrepreneurship flips that on its head. The launch of a company is just the beginning. The refining and rewriting never stops. "It's exhilarating," she says. And by now, she knows she's in it for the long haul. ■

Jason Feifer is Entrepreneur*'s editor in chief. To hear part of his conversation with Pfeiffer, look for our podcast* Problem Solvers *wherever you get your podcasts.*

her company—something she knew enough to say no to.

Finally, a mutual friend connected her to Melina Polly, a branding expert who once served as global managing director at Media Arts Lab, which drove Apple's U.S. and international marketing and advertising strategy. "It wasn't like I always wanted to launch a fragrance," Polly says. "But I always wanted to be part of building companies that had a strong point of view, that did something out of conviction that there was a void in the market, and that believed consumers deserve a better option."

So she signed on as CEO, and, for the first time in this 20-year journey, Pfeiffer had a genuine partner. Now they had a company to build.

CONSIDER THE PARADOX of a socially conscious brand. It is motivated by mission. It creates a product in accordance with that mission. It believes deeply in impacting the world. And yet, missions don't sell products. In fact, they sometimes do the opposite. A mission can sound preachy, like a brand saying, *Buy from us, or you're a bad person.* So Pfeiffer and Polly began with a fundamental question: How much of its mission actually shows up on its product?

"You don't want to be educated by your fragrance brand," says Polly. "It's not 'Let me tell you about all the bad stuff that's in your fragrance bottle.' Because we don't want to be, you know, Debbie Downer."

Instead, they wanted a fine-fragrance brand that was cool and sexy, and that people liked first and foremost because of its scents and sensibility. They named the company Henry Rose—Pfeiffer's two children's middle names—and decided to minimize the mission as much as possible, to make it a bonus instead of the reason to buy. "I want to recruit those people who have never read a label," Pfeiffer says, "who really fall in love with the product and then as a side note happen to discover Environmental Working Group and Cradle to Cradle transparency."

This is a hard balance to strike. They hired RedAntler, the branding firm that's helped shape the likes of Casper, Foursquare, and Birchbox, and then kept refining. Early designs were spare and white—too innocent-looking, Polly thought. The women wanted to avoid using cliché buzzwords like *clean* and *organic* on the product, and had to be on high alert for them. "People we've worked with for a year will use the word *natural*," says Pfeiffer, "and we're like, 'No, we're not natural! Stop using that word!'"

It's All About the

But It's Not Just About the

In an increasingly connected world, virtually everything we touch, consume, and interact with is rooted in technology. Which is why today's tech industry is all about big-picture thinking—and slow and steady problem-solving.

Want to Be Cool? Get Boring!

TECH

Tech companies often only want to work on the buzziest projects. But if they put aside their egos, they'd discover a far wider world of opportunity. **by PAUL NUNES**

Tech entrepreneurs like to create cool technological solutions. Then, they often only want to provide their solutions to customers or clients that are equally cool—favoring the few buzzy opportunities over many other unexciting ones.

I know this sounds crazy. Who turns down business? But it's true. Many tech startups have focused on splashy, slick apps of consumer convenience, rather than attending to the less visible infrastructure necessary to keep all this running. According to CB Insights, the number one reason cited by startups in postmortems was "lack of a market need" for their product. Hmm.

So what are they missing? First, let's consider the disconnect.

Sure, it's exciting to see yourself helping someone disrupt an entire industry. But most technology solutions get applied to mundane things in everyday businesses—the kind of clients that may "merely" want to reinvigorate a supply chain, find a more efficient way to root out product defects, or improve a routine customer experience. Or maybe they want to pump new life into old lines of business or ignite new growth in a mature business. For technology solutions, no matter how cool, *that* is where much of the market lies. And the market will only grow larger. More and more companies are realizing that technology can revive old businesses and can create new opportunities in existing businesses.

My colleagues and I studied over 1,300 companies in major industries and found that the most successful of these—roughly 100—are actively doing this. They're applying technology-led innovation to both their mature and current businesses, as well as their new ventures. Still, most of the 1,300 fail to identify all the mundane, bland, but potentially profitable ways to apply new technologies. For tech companies that are willing to support this boring stuff, a valuable cycle awaits: They can help established brands today, fueling the innovations that become the brands' core business tomorrow.

Consider a potential tech client like Uniqlo, the global fast fashion retailer. Management experts have been telling retailers to shed stores, inventory, and where possible, employees in order to compete with e-commerce competitors. But Uniqlo is determined to make the most of a very old business—selling clothes in shopping malls. Instead of abandoning its core retail assets, the company is redesigning them to accommodate the latest in digital technology and digitally savvy customers. At the same time, they are making major technology investments in automated factories that lower inventory costs and allow more relevant products. The company is positioning itself for the future while making existing assets more valuable—and providing exciting challenges to their providers of technology solutions.

If you're a tech entrepreneur, the lesson from companies like Uniqlo and the hundreds like them in other industries is clear. Make your cool solutions applicable in every phase of a customer's business, as it continually evolves.

How?

Start by asking yourself how much you really know about product production, or how familiar you are with processes in various service industries. Learn these businesses. Engage. Seek to innovate. You'd be surprised how cool it can be.

Paul Nunes is the global managing director for thought leadership at Accenture Research and the coauthor, with Omar Abbosh and Larry Downes, of Pivot to the Future: Discovering Value and Creating Growth in a Disrupted World, *published in April by PublicAffairs.*

PHOTOGRAPH COURTESY OF PAUL NUNES

TECH

Forget the Tech

Owning an innovative technology is just one part of building a successful startup. Four founders detail the low-tech strategies that helped boost their success in the high-tech world. **by STEPHANIE SCHOMER**

Reshma Shetty

Cofounder / Ginkgo Bioworks

Take your time before taking investors' money.

Ginkgo Bioworks builds organisms from scratch—think GMOs that can flavor or sweeten food, or a new microbe that can help a plant produce nitrogen. And while this is normally a painstaking, artisanal craft, the startup has built a technology platform to automate the process and achieve scale. But at launch in 2008, its founders—five MIT graduates—didn't see a lot of traction. "Most investors wanted experienced executives, and because of the fiscal crisis, there wasn't much money around anyway," says cofounder Reshma Shetty. So they rethought their strategy. "We would apply for various grants or government contracts to bring in money," she says. "Investors have a clock on their investment because they need to return money to their LPs. By focusing on other ways of funding, our formative years were spent really investing in and perfecting the technology platform and our business model. It forged a culture of resourcefulness and creativity." Six years in, Ginkgo Bioworks joined YCombinator. "We were their first biotech company, and they were our first dilutive capital," Shetty says. The startup's preparedness combined with YCombinator's network led to big things, fast: In 2015 the company raised a $45 million round of funding, and to date has raised nearly $430 million.

PHOTOGRAPH COURTESY OF GINKGO BIOWORKS

PHOTOGRAPH COURTESY OF DIALPAD (CRAIG WALKER); PHOTOGRAPH COURTESY OF MIRROR (BRYNN PUTNAM); PHOTOGRAPH COURTESY OF PORTWORX (MURLI THIRUMALE)

Brynn Putnam

Founder and CEO/ Mirror

Put your idea first.

Brynn Putnam comes from a decidedly nontech background: She spent her teen years as a dancer with the New York City Ballet, danced professionally after college, then launched a New York-based chain of fitness studios called Refine Method. So when she came up with the idea for Mirror—an interactive fitness device that streams workouts through a discreet mirror in your home—she had no idea how to turn it into a reality. But that was a good thing. "I was a ballerina and a small-business owner, and frankly, that inexperience was an advantage," Putnam says. "I approached the idea from the perspective of a service organization." She meticulously planned her content and brand strategy and researched her audience. "I had clarity of vision and a large market to serve, and I built a fake mirror to show investors," Putnam says. She raised $3 million in 2016, enough to hire the tech help needed. "We were building a member-first media company, and we found engineers that were proud to be a part of that."

Murli Thirumale

Cofounder and CEO/ Portworx

Let the customer inform the product.

Murli Thirumale's career has been built on groundbreaking technology. The serial entrepreneur is the cofounder and CEO of Portworx, a cloud-based data storage management platform. (To break that down: Portworx helps businesses like game companies run glitch-free across different cloud vendors.) And while technology keeps his career ticking, he knows it's not enough. "You need to be selling outcomes, not technology," he says. "It's very easy for Silicon Valley to get distracted by cool tech." To stay focused, Thirumale's team is in constant contact with their customers. "One of our clients operates online video games—the kind that middle schoolers love," he says. "His biggest fear is that their system goes down and their end user is in tears because they can't play the game." That visual of crying kids in their living rooms helps Thirumale's engineers remember that a reliable product is more vital than innovative capabilities. "It helps us focus on what's actually important."

Craig Walker

Cofounder and CEO/ Dialpad

Go after Goliath's weakness.

When Craig Walker and his cofounders launched Dialpad—an AI-driven, cloud-based communications system for businesses—they knew they'd be taking on telecom giants. But the Google vets (and creators of Google Voice) knew that could work to their advantage. "Competing against the big guys is great because they're slow-moving, and as an entrepreneur, all you have is speed and focus," he says. "Plus, your entire reason for existing might be, in their viewpoint, so minuscule that they overlook it." When Dialpad launched in 2011, they wanted to help businesses take advantage of new technology to streamline communications. "Kids coming out of college have been raised on mobile phones, but they take their first job at a Fortune 500 company and have to get a tutorial on their Cisco desktop phone," Walker says. "Our concept is, if employees are spending $1,000 of their own money to carry around a cutting-edge phone, how can we let them use that for work—like they want to—and be super productive?" To stay ahead, Walker's team prioritizes design and usability. "Go to your mobile provider's website and try to do anything other than pay a bill, and it's horrible," he says. "We've made enterprise communications easy for the end user—as easy as signing up for Spotify."

What VCs Want

TECH

Kirsten Green, the founder and **managing partner of Forerunner Ventures**—whose portfolio includes Glossier, Hims, and Away—details what makes her want to invest in a brand, today's biggest opportunities, and how the tech world is about so much more than technology. **by STEPHANIE SCHOMER**

First things first: What's your definition of a tech startup? I think some people have a hard time understanding why, say, a makeup brand like Glossier identifies as a tech company.
Oh, people are so confused! We get pitched so many businesses based on a beautiful product I'd love to buy, but it doesn't fit the profile of what we want to invest in because the company's model is selling in a big retailer. Yes, we invest in brands and product, but we mostly invest in founders that see opportunity for change. Glossier is about the customer. It's anchored in selling product, but consumers trade in and out of product. So Glossier has used technology to create a deeper connection with its consumer to grow. Purchases are often about more than the product. And that's why we invest.

So when someone is pitching you, what do you really look for, what do they need to be armed with to catch your attention when they're at that early stage?
A founder must be able to paint the big picture, but then also draw it right into today and say how they're going to get off the ground. If you have a big idea and you're going to do a little bit of everything to start? You're doomed. Launch with one thing, nail the business model, get mindshare with the consumer, and then brick by brick, build the next layer. It takes patience. People want to move fast, but you have to slow down if you're going to build a business that's important to people two decades from now.

What's a brand that did that well in its pitch, and then also delivered on the promise?
Dollar Shave Club. Michael Dubin sold razors when he launched, but he didn't pitch me a razor company—if he had, I wouldn't have invested. He pitched me a massive men's grooming company. But Michael knew he could own the razor market. He knew that the male consumer, who's been evolving, had been overlooked by the industry. He could only shop from large CPG brands, none of which used data to create a better product for him. So Michael identified those inefficiencies and solved for them. He introduced razors in a testing fashion, found confidence, monitored growth and collected data, then expanded into hair care and other products.

What are some opportunities that today's entrepreneurs should take advantage of?
We're pretty far up the tech curve, and things that were difficult a few years ago are a lot easier now, more efficient and accessible. That's the continuum of evolution; you have to take advantage of that.

How has that technology also changed the consumer?
Business today is just changing so fast, and the consumer is almost leading that movement. We've been through 10 years of people really growing up on social platforms, but the business model—data and information—conflicts with the product. Consumers are now stepping back and saying, "I don't want to surrender my data and information, but I still want the community experience; where else can I get it?" That's a new class of opportunity for entrepreneurs who can design for a consumer who's evolved and has more clarity around what they want.

PHOTOGRAPH BY ELISABETH FALL

The Best of Today's Tech...

Entrepreneurs outline the apps and products that actually make their lives easier.

"I check my email only once a day, so **Boomerang for Gmail** is a lifesaver. It sends reminders and helps you reach inbox zero. By not scanning throughout the day, I'm more focused and able to show my team that I trust them."

—JON STEIN, founder and CEO, Betterment

"In 2016, I left Israel to open a U.S. office and was inundated by the many communication channels U.S. companies use. So we adopted project management app **Trello**. It gives us a place to curate and connect."

—PINI YAKUEL, cofounder and CEO, Optimove

"I love **Paste by WeTransfer**. You can make beautiful presentations without getting bogged down in the details of layout and font. My team can communicate high-level ideas."

—SAMANTHA JOHN, cofounder, Hopscotch Technologies

"I use **Podcast Addict** daily to learn from other founders' business journeys. At Monday.com, we're launching a podcast, so it's been great to learn how the medium can help us reach our team and customers."

—ERAN ZINMAN, cofounder and CTO, Monday.com

"**Evernote** is my record of choice for meeting notes and future ideas. It's on all my devices, so I can jot down an idea whether I'm in a meeting or in an airport, or waking up at 2 A.M."

—JAY KLAUMINZER, CEO, Raise

"We have offices in eight countries, and we use **Zoom** videoconferencing to communicate across them all. The ability to maintain person-to-person interaction is paramount. I'm a better boss and colleague."

—BRANDON RIDENOUR, CEO, ANGI Homeservices

...And What to Expect from the Tech of Tomorrow

These emerging technologies are changing industries. What do they mean for entrepreneurs? **by HAYDEN FIELD**

5G

Mobile carriers will start rolling out the fifth generation (5G) of cellular network technology this year, increasing data speeds and improving connection reliability. "It's like taking your 4G phone and putting a rocket on it," says Michael Thelander, founder and president of Signals Research Group. But savvy entrepreneurs know that 5G opens up a whole world of business possibility: After each of the previous generation's debut, an equally impressive litter of "killer apps" were born from startups taking advantage of higher-bandwidth capabilities. (Instagram, Snapchat, and Uber were all 4G standouts.) With 5G, shorter lag times will likely inspire extra innovation in industrial automation, VR gaming, and drones.

AI

As more businesses can easily collect and track data through various web applications and point-of-sale systems, entrepreneurs can layer artificial intelligence into their operation to improve efficiencies and plan for the future. Shopify's Kit app, for example, can help merchants build targeted ads based on online-store traffic. Even analog businesses will eventually be able to take advantage of the tech, according to Megan Schaible, an AI strategist with the Finnish consultancy Reaktor. Consider a plumber whose client uploads a picture of a broken pipe with a description of the issue; a specialized AI tool could diagnose common problems and even automatically order parts for repair.

Blockchain

To put it simply: Blockchain is a series of records, including time stamps and transaction data, maintained by participants around the world rather than a single central authority. It's an online paper trail that can verify and track the digital exchange of almost anything back to its origin. It's disruptive for transaction-heavy industries like supply chain and banking and eliminates the need for intermediaries—which means it's good for entrepreneurs who work in those spaces, but bad for businesses that serve as middlemen, according to Byron Gibson, program manager at the Stanford Center for Blockchain Research. But before you panic (or celebrate), note that the tech is at least five to 10 years from being ready for prime time.

THE ART *of the* PITCH

Any founder will agree:

Asking investors to fund your business is uncomfortable, intimidating, and at times even excruciating.

But it doesn't have to be.

So how do you make your pitch better?

SCOTT KUPOR, managing partner at venture capital firm Andreessen Horowitz, knows how.

The act of pitching your business to a venture capitalist can be a harrowing experience. You're at your most vulnerable place in your professional career. You've probably just quit a job that provided a steady income—and had to convince your spouse or significant other that all of this would eventually lead to greater financial security for your family.

In the meantime—the next 10 years or more—you are going to live cheaply, take no vacations, work longer hours than ever before, sleep fitfully (my partner, Ben, has said that as a startup CEO, he slept like a baby—waking up every few hours crying), and beg VCs to finance this glamorous lifestyle. Sounds like fun, right?

There are five things to consider when you're preparing to make that big ask—and we'll talk through each of them—but first things first: You've got to get the *opportunity* to pitch.

Angel or seed investors, as well as law firms, are an important source of referrals for VCs: Angel investors want the companies they invest in to eventually raise more capital, and law firms want their clients to get solid funding and become long-term clients.

But if neither of these routes is available to you, get crafty. You should be industrious enough to find someone who knows someone who has some relation to a VC. It's a great test of your mettle as a startup CEO, and VCs often use your ability to find a warm introduction as a gauge on your grit, creativity, and determination. Getting your foot in the door is a combination of likability, networking, hustle, showing up, following up, persistence, salesmanship, confidence, experience, storytelling, and sheer dumb luck.

VCs are looking for a good financial outcome, but most of what they invest in will not yield much— if anything—in the way of returns. It's the few home runs that return 10 to 25 times the VC's invested capital that will make or break their business.

So once you get that meeting lined up, your job as an entrepreneur is simple: Convince a VC that your company has the potential to be one of those outliers. Piece of cake, right?

Pitch Essential / 1
Market Sizing

Don't assume the VC already understands the market or its potential size. Paint a picture that enables them to answer the "So what?" question. That is, if I invest in this company, and the CEO and her team do everything they say they are going to do, can that business drive an outsize return to my fund?

We'll look at Lyft as an example. When the company was getting started, it wasn't obvious how big the market for ride sharing could be. A lot of people evaluating the opportunity started with the existing taxi market and made assumptions about what percentage ride sharing could capture.

That line of thinking was perfectly logical. But the Lyft founders made the case—convincingly, at least to us at Andreessen Horowitz—that that reasoning was too myopic. Instead, they argued that the taxi market was too limiting because consumers made assumptions about the availability, security, and convenience of taxis.

But if you imagined a world in which everyone had a fully networked supercomputer in their pocket with GPS tracking—a smartphone—then the market size for on-demand ride sharing could be much larger. After all, drivers who couldn't afford to purchase a taxi medallion could just use their own cars to increase the supply of available drivers, which would dramatically increase the convenience of the service. Increased supply would drive increased demand, which would in turn drive more supply. You get the picture—a true network-effects business.

Sometimes as an entrepreneur, you'll have the hard job of positing the creation of a market that develops as a result of a new technology. For example, we were seed investors in 2010 in a company called Burbn. (That is the correct spelling, and they were not creating a new adult beverage.) Burbn was a photo-sharing application for the iPhone, which had been invented only three years prior; the smartphone category was not nearly the size that it would ultimately become.

So the market-size challenge was built on two assumptions: (1) This iPhone thing would really become a dominant global computing platform, and (2) Photo-sharing would be a killer app for the platform. So for a VC to invest, they would need to forecast both of those assumptions and assume there would be some way to monetize photo sharing. This was a complete unknown at the time, but it was not a crazy hypothesis that if you can amass billions of photos shared among millions of people, there must be some way to make money from that.

Lucky for us at Andreessen Horowitz, we took the leap and invested in Burbn. Two years later, Facebook acquired the company—renamed Instagram—for $1 billion.

Pitch Essential / 2
Team

Once you've established the market opportunity, the real question for a VC becomes "Why do I want to back *this* set of entrepreneurs?" Ideas are a dime a dozen; execution is what sets the winners apart.

As uncomfortable as it may be, you need to spend a significant amount of time in your pitch talking about you as the CEO. It's not an exercise in boasting, but rather an exercise in helping the VCs assess your fitness for the role.

Perhaps the business requires a certain skill set in sales and marketing that you mastered in a previous role. Perhaps you encountered the very market problem you are endeavoring to solve organically through your own experiences and felt compelled to build a company around this idea. Or maybe you have a special skill that enables you to tell stories in a compelling way and articulate a vision that is likely to make employees, customers, and financiers want to come along for the ride.

We were fortunate enough to see the pitch for the Series A round of Square, a financial services payment company that has gone on to become a $30 billion public company. Unfortunately, we were not lucky enough to make the decision to invest in that round. What did we miss?

At the time of the A round, Jack Dorsey, the cofounder of Twitter, was not the CEO of Square. Instead, his cofounder, Jim McKelvey, was. Jim was a friend of Jack's from his hometown and had previously been a professional glassblower. Jim was frustrated by the fact that, at the county fairs where his finished products were featured, he could sell his wares by accepting cash only. Jim and Jack thought there should be a way to enable credit card transactions for small merchants. Thus, the idea for Square.

That's great organic founder-market fit, but we didn't know Jim, nor did we have a good way to evaluate his skills as a CEO. And so we passed.

But we failed to appreciate two things. The first was that Jack would realize that the best way to maximize success was for him to become the CEO, something he effected a few short months later. The second was that Jack's star power could provide unfair advantages in the marketplace.

For example, Jack secured a spot on *The Oprah Winfrey Show* and told the Square story to a broader audience. He also was able to get Jamie Dimon, CEO of J.P. Morgan, to bundle the Square dongle with the J.P. Morgan credit card business to generate tons of Square customers at a very low cost. Not everyone is Jack Dorsey, but think about what skills and advantages you uniquely possess that will prove valuable to the development of your business.

From there, help VCs understand how you are going to build the right team around you. We talk a lot at Andreessen Horowitz about storytelling skills and the ability to captivate an audience as a good indicator of potential success in an entrepreneur. Great CEOs find a way to paint a vision for the opportunity that simply makes people want to be a part of the company-building process. These same skills will help you land your first (and future) VC financing partners.

Pitch Essential / 3
Product

No VC expects you to be clairvoyant about the precise needs of the market, but they are evaluating the process by which you came to your initial product plan. VCs are fascinated to learn how your brain works—we want to see the idea maze. What data have you incorporated from the market; how is it more aspirin than vitamin; how is this product 10 times better or cheaper than existing alternatives?

VCs understand that your product plan is likely to change as you get into market, but they want to be confident that your evaluation process is robust. Demonstrate that you have strong beliefs, weakly held. In other words, show them that you will adapt to the changing needs of the market but remain informed by your depth of product development experience.

Pitch Essential / 4
Go-to-Market

How will you acquire customers? Many entrepreneurs make the mistake of skipping over this at the early stage because the current funding round is not likely to get them meaningfully into market. But it's important to include this in your pitch, even if just at a high level, as it is foundational to the long-run viability of the business.

Are you planning to build a direct, outside sales force, and can the average selling price of your product support this go-to-market? Or are you planning to acquire customers through brand marketing? If so, how do you think about the costs of such activities relative to the lifetime value of a customer?

You don't need to have robust financial models at this stage, and you are not expected to have all the correct answers figured out. But you do need to have theories grounded in reasonable assumptions against which you can then apply real-world experience, and adapt—or even pivot—when necessary.

In 2010, Andreessen Horowitz invested in a gaming company called Tiny Speck, run by a great entrepreneur by the name of Stewart Butterfield. Tiny Speck set out to build a massively multiplayer online game called *Speck*. It was a great game in many respects, but Stewart later concluded that it couldn't sustain itself as a long-term business.

With a few months of cash remaining from our original investment, Stewart approached the board (Accel Partners was also an investor in the company and represented on the board) with an idea: In building *Speck*, he and his team had built an internal communications tool that significantly increased the efficiency of their development processes. Stewart wondered whether other organizations could also benefit from this product, so he sought permission from the board to "pivot" into this business.

We were smart enough to say yes to Stewart's request. That pivot is now Slack, an enterprise collaboration software company that is valued in the billions of dollars.

Not all pivots work out this way, but this story underscores a few important points. VCs understand that most businesses go through some adjustments along the way, whether small tweaks or almost complete restarts. As you pitch, you are not expected to be all-knowing, but you do need to demonstrate that you are the master of the domain you are proposing to attack.

For example, if a VC suggests that your go-to-market plans are all wrong, don't immediately abandon your plan. That would raise some serious questions about your preparedness and fitness to be a CEO. A thoughtful, engaged discussion on how you came to your own conclusions and a willingness to listen to the feedback would be a far better response than pivoting on the fly.

Pitch Essential / 5
Planning for the Next Round of Fund-Raising

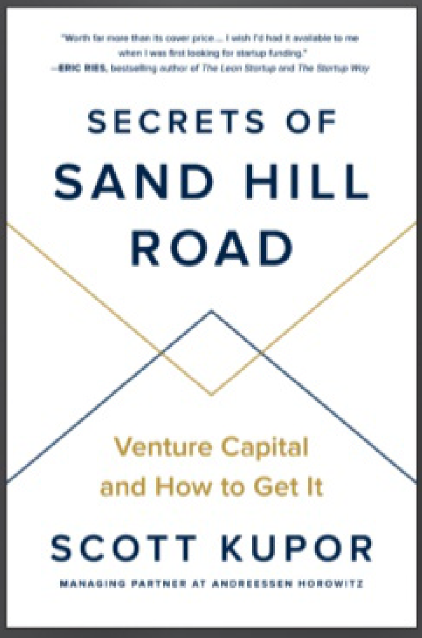
A VC is likely projecting ahead to the next round of financing to gauge the level of market risk she is taking on by funding you. Are you raising enough money to accomplish the milestones you set out for this round, such that the *next* investor will offer new money at a substantially higher valuation? ("Substantially higher" is very market dependent, but in general you want to aim toward a valuation that is roughly double your prior round.)

If you or your VC feels as though the milestones are too much, you're likely to have a discussion about raising more capital at the current round, lowering the current valuation, or finding other ways to increase the confidence interval around your forecast progress.

Most VCs are building a portfolio of companies as part of a fund, and thus are looking for some level of diversification across a number of investments. While they may be investing $10 million in your current round and reserving some additional dollars to support future rounds of financing, they are not assuming that they will be the only investor throughout your company's life cycle.

This is why VCs care about the achievability of the milestones you are laying out; in most cases, they don't want to be—or can't afford to be—the only capital provider at the next round of financing, so they are trying to estimate the risk of your (and their) getting stranded.

If during your pitch, all else fails and you forget everything in the heat of the moment, remember to go back to that first principle: How do I convince a VC that my business has a chance to be one of those outsize winners that can make them look like a hero? E



BOOK COVER BY PENGUIN RANDOM HOUSE

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NO MEETINGS?
NO LATE NIGHTS?
NO WORK INSANITY?

What if working long hours, living on Slack, and growing as fast as possible isn't the best way

by CLAIRE ZULKEY

to run a business? The founders of **BASECAMP** are pretty sure they have the answer.

ON March 7 at 4:30 A.M. Greenwich mean time, a tech company's worst nightmare began. For eight and a half hours, a catastrophic network failure disabled Basecamp's popular project management software. Instead of boosting productivity for its three million accounts around the world, Basecamp stopped people from getting their work done. "We're incredibly sorry…especially for our European customers," wrote cofounder and CTO David Heinemeier Hansson on the company blog. He explained that the problem originated with their cloud provider, took full responsibility, and promised they would work diligently to make sure it never happened again.

But it did—just six days later. This time, Heinemeier Hansson couldn't apologize enough. "I'm sorry. I'm really sorry (and ashamed)," he told customers. "It's also been a mighty fall…From riches of reliance to rags of shambles. To say this is humbling is an epic understatement."

Such a fiasco would cause a crisis in most companies. But for Basecamp, it actually proved a point. Internally, there was no freaking out, no worry about losing jobs. Everybody just hunkered down and focused on fixing the problem; if anyone worked overtime, they came in late the next day, no sleep lost and no questions asked. Heinemeier Hansson and his cofounder, Jason Fried, are two of the loudest critics of the modern Silicon Valley–fueled workaholic insanity, and to that end have purposefully curated a culture of calm in their company. They wrote the book on the subject. Several, in fact. And they've done it all exactly for moments like this.

HAVE WE REACHED THE POINT where a job offered with 9-to-5 sanity is a company *perk*? Has round-the-clock work culture become that pervasive?

If you look at people in jobs across the country, which the Bureau of Labor Statistics does, the 40-hour workweek is officially dead. The average full-time employee now puts in nine hours a day. In addition, the typical worker takes only about half of their paid vacation, according to 2017 data collected by Glassdoor. (And when they do take vacation, two-thirds end up working during that time.) What's causing this? Many people blame communication tools. Email already enabled colleagues to dash off messages late into the night, but Slack and other chat tools amped it up—creating, it is often said, a culture of instantaneous response, where employees are on alert 24-7 for any ping, ding, buzz, or ring. "They're leaving the office, going home, and staying connected to their devices, being interrupted by the vibration of their phone in the middle of the night," says Bruce Daisley, host of *Eat Sleep Work Repeat*, a podcast on business culture. It's only slightly ironic that his day job is European VP of Twitter.

As people work harder and faster, science has been turning up the downsides. A nine-year study published in 2012 in *Administrative Science Quarterly* highlighted the sleep, addiction, and anger issues of overworked bankers, and a 2016 report by the American Bar Association and the Hazelton Clinic found high levels of depression, anxiety, and substance abuse among lawyers. In some fields, there's "almost a sense that if you get eight hours of sleep a night, you should be ashamed," says Daisley. "There's starting to be a lot more science and evidence that working longer and harder isn't the way to be effective in our jobs."

In a strange way, though, this all creates an opportunity for a certain set of entrepreneurs. If overworking is becoming the norm, then *normal* working—the old promise of clocking in and clocking out—starts to become a competitive advantage. "My feeling is we'll see a bifurcation of companies that get it and don't get it," Daisley says. "Over time, the companies that don't get it will lose the better talent or lose their way."

That's certainly how Basecamp's Fried and Heinemeier Hansson see it. They've been promoting the work benefits of sleep since 2010, and it's been transformational for their company. Because if you're going to offer your workers a normal work life, you have to really think through the question: *How does it happen?*

BASECAMP'S ROOTS go back to 1999, when Fried cofounded a web design firm called 37Signals in Chicago. At the time, the neighborhood still smelled like pig carcasses from the nearby meat markets. "The internet was just starting to get big. They had this sort of punk rock view, a do-it-yourself philosophy that attracted me," says lead Android designer Jamie Dihiansan, who came on as employee number 12 in 2008. "They were like, 'Screw this business-speak and this conventional wisdom that all these consultants are spouting.'"

As 37Signals grew, it struggled to keep track of its various projects. Fried looked for a tool to manage everything, and when he couldn't find one, he decided to build his own. To do this, in 2001 he brought in programmer Heinemeier Hansson, now 39 and later known for creating Ruby on Rails, the web development framework. He and Fried called their new product Basecamp, and once 37Signals started using it, their clients wanted to, too.

The tool was a runaway hit, and Fried pivoted the company from doing web design to building multiple work-based applications. Over the next few years, Fried and Heinemeier Hansson would think a lot about how to counter the workaholism in their industry. Two books were written as a result: In *Rework* (2010) they advocated for cutting back on meetings and big staffs; in *Remote* (2013) they argued the advantages of an out-of-office workforce.

But they still had a lot of work to do on their own company. By 2014, they concluded that they were unnecessarily stretching themselves; they were making multiple apps, but the original, Basecamp, was the clear favorite. It had 1.5 million accounts by that time. So they simplified—selling off or spinning off the other apps, renaming the company Basecamp, and focusing on their one core product.

Then they looked at their own team. They had about 30 employees, most of them remote, and Fried sensed he'd lost touch with them. "It seemed like something changed," he says. "I didn't know how people felt about things. I realized that if I wanted to get answers, I had to ask questions. People don't bring stuff to you. 'My door is always open': That's such a cop-out."

So he hired consultant Claire Lew to do an audit. Surveying employees about what they were working on, how they felt about work, and their lives outside of work yielded specific ideas for new policies, like an employee-suggested charity match. But generally, it inspired Fried and Heinemeier Hansson to be more deliberate and articulate about company ideals.

They began to develop a more robust system to protect employee time and create a sense of calm. It's still in place today. Most of the company's staff work free of managers and are expected to establish

PHOTOGRAPHS BY ISTOCKPHOTO.COM/TMEKS (INTRO), WRAGG (THIS PAGE) their own goals. Working late is strongly discouraged—there has to be a true emergency to justify it. To promote focus, Fried and Heinemeier Hansson encourage their staff to go without checking email for blocks of time (say, a morning or an afternoon). The company also ditched the common practice of making employees' calendars available for all colleagues to see, with anyone able to add a meeting to anyone else's agenda. That, Fried concluded, is like stealing someone's time. At Basecamp, calendars are private; employees post "office hours" when they're available for meetings.

To make all this happen, Basecamp had to change the work itself as much as the workplace. Projects are now ruthlessly narrowed to fight off scope creep. No teams are larger than three people. "You can do big things with small teams, but it's a whole hell of a lot harder to do small things with big teams," says Fried. "And small things are often all that's necessary." Fried and Heinemeier Hansson also stopped chasing higher and higher growth metrics and promising faster customer-response times. (On average, their global customer service team gets back to customers in six minutes.) Their stance: If a client expects them to be on call 24-7, perhaps that's the wrong client. They also enacted a hiring freeze at 54 employees and got rid of sales goals, revenue goals, and even long-term plans.

"As we started talking more with other people, it seemed time to codify this in a book," Fried says. So they wrote *It Doesn't Have to Be Crazy at Work,* which they hoped would serve as a counternarrative to what so many tech companies offer. "Never before has there been this focus on growth and domination," says Fried. "You see it in big tech: Facebook, Uber, Airbnb. These companies have been damaging to cities, to industries. The desire for endless growth, the opportunity for endless interruption—those things combined are creating a really crazy workplace."

BASECAMP IS based a few blocks from its original headquarters, and the neighborhood looks quite different now. The meatpacking spaces have been replaced by barre studios and Google offices. Before I arrive at the office, Fried issues me a warning: There isn't much to see here, he says. There generally aren't even many employees around.

This is true. As we hang out in Basecamp's brushed-metal kitchen, there really *isn't* much to see, aside from the eclectic assortment of quinoa-based snacks and Girl Scout cookies. But the absence of activity is—much like the novelty of a normal workday—noticeable all by itself. Employees don't seem to come and go; they linger. Instead of an awkward wave hello and a hasty "Gotta get back to work" retreat, they debate takeout orders for that night's after-work round of *Dungeons & Dragons*. One shows off a patterned scarf she made at a textile-dyeing class paid for by work. I'm shown a video of a company outing at an ax-throwing place. (Aside from offering Silicon Valley–based compensation, Basecamp has perks like paid-for classes, one-month paid sabbaticals every three years, subscriptions to a fresh-produce box, and the charity match program.)

This calm lifestyle is meant to attract top employees, though sometimes it takes a while for them to acclimate. When Basecamp hired a systems administrator from UPS, he had culture shock, says Fried: "He was going to err on the side of being extremely conservative because he was afraid of [getting] in trouble the way he would at UPS if he did anything wrong." A programmer from Capital One was too used to receiving specific directions from a manager to adapt to the Basecamp mentality of "It's on you to figure out how to get it done." But for their newest hire, Jane Yang, a data analyst, that was the draw. "It's exciting to realize that I could pursue a question I was interested in," she says.

Jeremy Daer, a programmer who has been there since 2007, says the calm groundwork really paid off during the March network failure. "It was rough," he recalls, but the company culture made the stressful situation "much easier to deal with. I didn't feel like *I'm going to lose my job*."

Outside the walls of Basecamp, Fried and Heinemeier Hansson's message doesn't always land. After all, what they're arguing isn't just about treatment of workers—it's about the ambitions of a company more broadly. "Where Jason and I differ is that we are trying to grow a company and serve a lot of people," says Wade Foster, founder of the web app service Zapier, which is also known for its remote workforce and flexible, egalitarian company culture. "If we have a week that's exceptionally busy because we have to serve our customers, we'll do that."

Fried acknowledges the challenges, to a point. But he's not asking other companies to adopt everything Basecamp does, he says. Instead, he suggests starting with just one change. "Set aside one day a month, or an afternoon, where a team cannot talk to each other. You should be able to sacrifice one afternoon," he says. Small victories can snowball and are good for morale.

He also admits that Basecamp isn't perfect. Not every moment is calm; not every day is short and sweet. "You can't enact everything wholesale and go, 'It's all or nothing.' It's the small steps you can take." And in fact, Basecamp is in the process of breaking one of its own rules: It's developing a new product—the first since it offloaded its other apps in 2014. "Like every other thing we've built, it's something we need ourselves," Fried says. He knows it could be a flop. He knows that could be stressful. He knows this new idea is risky. Even so, he seems calm about it. E

Claire Zulkey is a writer living in Chicago.

Green/

Entrepreneurial Insights from the Cannabis Industry

Where Are the Women?

The number of female executives in cannabis is shrinking. Now the industry's most powerful women are working to fix that. **by LISSA HARRIS**

When cannabis was legalized in Oregon, many people saw business opportunity. But Amy Margolis saw something more specific: She saw business opportunities for *women.*

Margolis was a criminal defense attorney in Portland and had spent a decade defending cannabis growers who'd been caught by the police. Once the state legalized bud, she turned to corporate law and helped local entrepreneurs enter the industry. "I just pivoted with my clients," she says. And as she did, she says, she saw women flood into the marketplace. They were starting dispensaries, creating new products, and, like her, providing needed services to cannabis entrepreneurs. The industry struck her as more equitable than others, where men tend to dominate the upper ranks.

➔ SUPPORT SYSTEM Amy Margolis launched a business accelerator for female entrepreneurs in the cannabis space.

PHOTOGRAPH BY SAN GERKHE

But she wouldn't say that anymore. Four years after recreational marijuana was legalized in Oregon, Margolis sees an influx of investors swiftly changing the industry's culture. "I don't think there's any doubt that as traditional capital starts to come into this space, starts to overwhelm the space, we are seeing women either pushed out or unable to get funding," she says. "Men seem to control funding overall, and they would prefer to fund men."

The cannabis industry is still young, exciting, and bursting with potential, but Margolis isn't alone in noticing a shift. Tahira Rehmatullah, one of the most powerful women in the cannabis industry, sees it, too. She's a managing director of Hypur Ventures, a cannabis-focused investment fund that sits at the intersection of cannabis and big finance. "[The year] 2014 doesn't seem that long ago. But in cannabis land, that was ages ago," says Rehmatullah. "You could be a woman or a minority and get into the space and start a company. But as the market has evolved, it has shifted to look like other industries. The barriers are becoming more evident."

Hard numbers in the industry are difficult to come by, but the available research does back this up. In 2017, *Marijuana Business Daily*—a female-founded company—reported that the percentage of female executives in the industry has fallen steeply, going from 36 percent in 2015 to 27 percent in 2017, and hovering just above the overall 23 percent average for all U.S. businesses. The numbers were drawn from an anonymous survey of 567 founders and senior executives among the outlet's readers.

Talk to women in the cannabis industry, and you'll often hear frustration over this. Female entrepreneurs say they want to see each other thrive and had hoped that the emerging industry could be shaped in a more equitable way.

But they're not just throwing their hands up in frustration. Instead, they're actively building the infrastructure to support each other, in ways large and small.

That's what drove Margolis to evolve her business yet again: In 2018, she launched The Initiative, a business accelerator program for female cannabis entrepreneurs. The program recently took in its first class of eight new women-helmed businesses, all hungry for a chance to prove themselves. A second cohort will go through the program in Portland later this year, and another class is planned in California.

Founders in each Initiative class spend three months working with industry experts on every aspect of business development, from marketing to finance. They hone their pitch decks and practice their presentation skills. At the end, they can pitch directly to potential investors connected with the program. And from there, Margolis hopes, a few of them will soar.

"That's at least 24 businesses. In a nascent space, that's a lot

of impact," she says. "If half of those businesses are successful, and five of those businesses are vastly successful, then we've made a meaningful impact."

THERE ARE STILL plenty of women creating and running cannabis companies, of course. Women-led startups pop up almost immediately after any new state legalizes cannabis, and continue to be formed afterward. Some make names for themselves in the industry, like Nancy Whiteman and her Wana Brands line of edibles in Colorado. Some shift over from notable jobs in other industries, like former advertising vet Hema Patel of the vape brand Roam Escapes, who once worked with the NFL. And as CBD, social dosing, and cannabis-based wellness brands find an increasingly large female consumer base, women are increasingly building new companies to serve them.

But at the upper reaches of the industry, where the most money is pooling, things are looking a little different—and a lot more male. How did it happen? Experts say it's a matter of following the money.

"Cannabis companies also are increasingly plucking executives from corporate America as they mature and the industry becomes more attractive," reports Eli McVey of *Marijuana Business Daily*. "Consequently, the executive structure of businesses in the traditional economy—where males occupy more than 75 percent of senior roles—has begun to seep into the marijuana industry."

That's something Krysti Rede sees all the time. She's VP of product management for Flowhub, a "cannatech" company that provides point-of-sale software systems to dispensaries, and previously worked on digital commerce at Chipotle. "I've met with a few of our larger enterprise customers, and they have C-suites that have just come in from outside verticals. They're all male," she says. "I have yet to meet with a woman."

Two states—New York and California—serve as good case studies for how this shift took place.

First, take California. It was the first to legalize medical marijuana in 1996 and is still by far the largest state market in the cannabis industry. It built a regulatory regime that was especially friendly toward small businesses and nonprofits, which opened the industry up to almost anyone. "The initial medical marijuana laws really favored people who were doing care-based nonprofit businesses," says Jazmin Hupp, cofounder of the female cannabis leadership organization Women Grow. "That obviously led to a lot of female business ownership, because the majority of care-based businesses are owned by women."

But many of those early medical marijuana pioneers have shut down recently, Hupp says. That's in part due to market forces: As the cost of cannabis drops, many small businesses can't survive on their shrinking margins. At the same time, regulations are tilting the playing field toward larger, more well-funded operations—even though the laws were intended to do the opposite.

Under the terms of Prop 64, California's recreational cannabis law that passed in 2016, large-scale grows are not allowed in the state until 2023. That was designed to give small growers a head start. But there was a loophole, according to a 2018 analysis from *Marijuana Business Daily*: Companies can hold an unlimited number of small cultivation licenses, and today that's resulted in just 12 companies, or less than 1 percent of the licensees, holding 20 percent of all licenses. The largest license holder in the state, Santa Barbara–based Organic Green Farms, held 147 licenses as of last June. As a result, many of the small growers simply can't keep up.

New York, on the other hand, is a study in how heavy regulations can limit who enters the industry in the first place.

Medical marijuana was legalized in New York in 2014, and the state placed strict conditions on who could operate there—effectively mandating that companies provide full vertical integration, from growing the plants all the way through filling prescriptions at dispensaries. The winning licensees also had to be up and running within 180 days. This made the cost of entry exceedingly high. New York medical marijuana companies faced estimated capital and first-year operating costs of between $15 and $30 million, according to a report from MarketWatch.

This meant few companies had the resources to break in. In the first year of the program, 43 businesses applied for one of New York State's coveted medical marijuana licenses… and only five were awarded a license. Although five more have been added since, only one medical marijuana business in New York is women-owned: Etain, founded by Amy Peckham and her daughters, Hillary and Keeley Peckham.

The Peckhams had an advantage most people don't. The family owns Peckham Industries, a well-established construction company based in Westchester County, and were able to self-fund their new cannabis business. Still, Hillary Peckham, Etain's chief operations officer, feels that industry executives treat her differently because she's a woman. When Etain was looking to hire a CFO, for example, she says she frequently ran into candidates who wanted double-digit percentages of the business as a condition of employment. "They wouldn't go to other entities that are male-owned, male-run, with men at the forefront, and even try that," she says.

It's tough to have to prove yourself over and over again, Peckham says, but she doesn't want to lose sight of what's exciting about the cannabis industry. The same dynamics that are putting increased pressure on women, minorities, and smaller-business owners are also radically opening up the world of cannabis to consumers, and that's thrilling, she says: "Part of what makes this industry so captivating is all the changes that are occurring. There's just been huge growth and increased acceptance."

TO SUPPORTERS of female cannabis entrepreneurs, Peckham's point is paramount. Yes, industry changes are disappointing, but there's still opportunity here. The challenge now is to seize it with a new generation of powerful female entrepreneurs.

Kendra Freeman is a perfect example of someone primed to succeed. She has a rich background in cannabis; she went from illegally growing among the redwoods of Humboldt County, Calif., to cofounding a farm called Oso Verde Farms in Oregon. ("Now I don't have to worry about the helicopter," she half-jokes.) But she and her (male) cofounder failed to raise money for Oso Verde and had to bootstrap it instead. Now she and four cofounders are launching a new company called Mendi that makes a line of CBD products for athletes. This time, she really wants to win over investors.

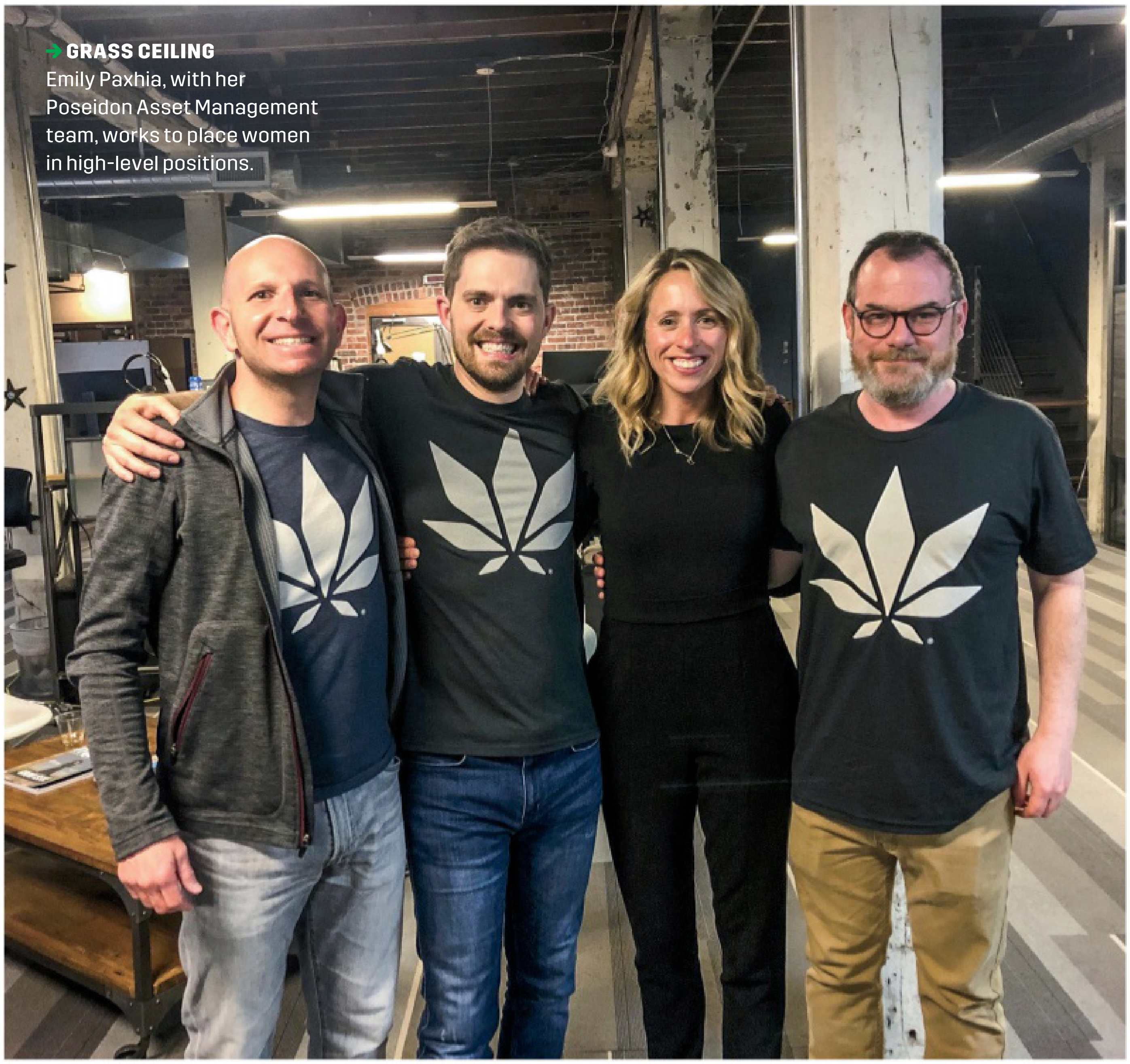
That's why she joined the first class at The Initiative, the women-focused accelerator founded by Margolis, the attorney in Portland. "In The Initiative, you get advice: How much do we need as a company; how much equity do we give up for that?" Freeman says. "Those are the business tools that a lot of women are not taught."

As the support systems for female cannabis entrepreneurs grow, they seem to take two forms. There are organized efforts like The Initiative and then the behind-the-scenes efforts of individual women.

The organized efforts tend to focus on where they can have the most impact. The Initiative, for example, is currently working with consumer packaged goods companies, because Margolis sees the greatest opportunity for success there. "One," she says, "because women occupy that space; two, because it's an economic sweet spot that is not already hyper-occupied; three, because to get them across the country or internationally does not take a huge amount of capitalization. We know how to work with those companies."

Another prominent organization is Women Grow, which provides women in the industry with educational programs and networking events. It experienced some financial stumbles a few years ago but still hosts regular events in markets around the country.

Then there are the less visible efforts. High-powered women say they're helping behind the scenes, encouraging companies to put more women into leadership positions. Rehmatullah, of Hypur Ventures, says she always looks for opportunities to do this in her role as adviser or investor. The same is true for Emily Paxhia, cofounder of the cannabis investment fund Poseidon Asset Management. "It's harder to influence how many women start companies that will get investment in the industry," says Paxhia (who, like Rehmatullah, also sits on The Initiative's advisory board). "But what I can help with is to make sure that good women are getting hired into fitting positions in upper-level management, in good companies in the industry. I think there are wins not just in having female founders but in the way we build teams."



GRASS CEILING
Emily Paxhia, with her Poseidon Asset Management team, works to place women in high-level positions.

PHOTOGRAPH COURTESY OF POSEIDON ASSET MANAGEMENT

AS CANNABIS-BASED WELLNESS BRANDS FIND A LARGE FEMALE CONSUMER BASE, WOMEN ARE INCREASINGLY BUILDING COMPANIES TO SERVE THEM.

Paxhia recently did this with Flowhub, a company she has worked with. It launched in 2015 with an all-male team but has since added women as chief financial officer and head of product development. Flowhub founder Kyle Sherman says the shift has been good for business. "When you're building teams of great people to deliver business results, you've got to have diversity," he says.

What kind of impact will all of this ultimately have? The women involved don't claim to know the answer, but they all believe this strongly: When new female leaders are created today, there's only an upside for women tomorrow. "I'm less focused on the concept of creating a safe space for women than on making women as powerful as possible," Margolis says. E

Lissa Harris is a writer and editor in upstate New York.

Franchise/ Franchisor

One Brand Creates Another

Paul Flick wants to serve a homeowner's every need—which is why his company Premium Service Brands is always expanding. by **STEPHANIE SCHOMER**

Photographs / JON NORRIS

→ **TEAM BUILDING**
Flick (*center*) and six PSB franchisees at a training session in Charlottesville.

When Paul Flick launched his company 360° Painting, in 2006, he didn't consider himself to be in the housepainting business. He just saw it as the first step into the $450 billion home maintenance and repair industry. Flick wanted to build a trusted, holistic solution that would help people solve any problem they might encounter as homeowners—and to accomplish that, he spent the next 13 years developing a portfolio of home-care brands. Now his original business lives along with three others (providing handyman, garage door, and maid services) under the umbrella of Premium Service Brands, with 187 locations throughout North America and more than $60 million in annual sales. What's next? Flick says he'll keep growing his Charlottesville, Va.–based operation until he can truly deliver a one-stop solution to his customers—and franchisees.

You launched this brand back in 2006. What was your original vision?
I wanted to have multiple home-service franchise offerings, all serving and leveraging the same end user. The same person who's going to hire someone to paint their house will also need someone to clean their home, and to do handyman stuff and fix their garage door. How can I deliver the best service to them by creating multiple revenue streams?

That's a big vision. Did you launch multiple brands at once?
We launched one, 360° Painting, and built slowly from there. In 2009 we introduced Handyman Pro, and in 2015 it was Pro-Lift Doors. In 2018 we acquired Maid Right. But 360 is where I cut my teeth, and the mistakes I made—whether in software or marketing or training—helped me learn what to do or not do as I built the other brands.

How do you keep your franchisees in the loop as you launch or acquire new brands?
Full transparency. We send a monthly newsletter and hold quarterly calls, like a State of the Union, so they can ask questions. They're never surprised. When we acquired Maid Right, we shared the vision and how they could leverage that at the local level. Ultimately it helped us scale faster and provide more training and support.

Do most of your franchisees take on multiple brands with you right out the gate?
We don't like our franchise partners to take on multiple brands right away. We want them to focus on one brand, be successful, and spend maybe 18 to 24 months scaling that business before they think about expanding. But they know the opportunity is there, and they know it coming in. When they're ready to expand, they come to us. And of course, not everyone wants to take on multiple brands, and that's OK, too. We have a 360° Painting partner in Atlanta who, instead of opening another brand when he was ready to grow, simply bought another territory with 360.

What kind of day-to-day support does Premium Service Brands provide to franchisees?
In addition to being assigned a franchise coach and a brand ambassador to help them with operations and marketing initiatives, respectively, we have a platform called Connected that we just released where they can track all their estimates, lead sourcing, understand their average job size, keep schedules. It's a fully integrated end-to-end platform, whereas before they were piecing together various software programs. But now they have access to their P&L in real time.

Serving Double Duty

Kiesha Haggerty splits her time between life as an Oakland cop and as a Subway franchisee—but she's found the two worlds to be surprisingly complementary. by **STEPHANIE SCHOMER**

Kiesha Haggerty has what might seem like two extremely different careers. She's a 20-year veteran of the Oakland, Calif., police department, and the owner of a Subway franchise. But to her, the careers work in perfect harmony: Both are about connecting with and serving a local community—and police work, she's discovered, can be a great training ground for stellar customer service. (It's also what turned her into a regular Subway customer.) Now she's looking to go even bigger. After opening her first Subway in 2018, she's working on her second—and plans to open it as part of Subway's rollout of its Fresh Forward concept, a redesigned store that focuses customers' attention on its fresh ingredients. What's after that? She has big goals.

What made you interested in becoming a franchisee?
I'm into health and fitness, and sometimes preparing my lunch at home is just not an option. During my day when I'm at work, I pass a lot of fast-food restaurants. Subway has always been the most nutritious choice for me. And one day I was sitting there, having my lunch, and I had my aha moment: *I can do this!* I went home, researched, filled out an interest form, and within a week someone from headquarters had reached out.

What was it like learning the ropes?
Every step I took one by one. And the staff at HQ really held my hand. I was sent to Connecticut for training for two weeks, learning both inside and outside the restaurant. Even now, the response from corporate is almost immediate if I have a problem. One time I was trying to change some pricing in our POS system, and I just couldn't get it to work. I called my field consultant, and within a matter of minutes, he helped me get it up and running again.

Have you been able to apply any of the skills you've learned as a police officer to your work as a Subway franchisee?
Working with the police department, I've had a lot of experience interacting with difficult people. And that's helped my ability to deal with customers. Easy customers, they're always great. But difficult customers? They can go on rants about anything. But I know it's important to listen to them. People just want to know they're being heard.

You have six employees. What did you look for when you were hiring?
I looked at experience, but it's really more about the "it" factor. Anyone can be trained on the job, so I looked for people who are teachable, willing to learn, and have a passion for working with the public—including those difficult customers!

You're about to open your second location. Do you think more are on the horizon for you?
Absolutely. I want to own two. I want to own 10, 20! Actually—I *will* own that many.

What would you tell other potential franchisees who are exploring this business?
Same thing I told myself when I started: Absorb everything. Listen and learn from others—there wasn't a single franchisee who wouldn't give me advice when I started out. Plan to succeed, and stay positive.

PHOTOGRAPH COURTESY OF SUBWAY

LunchboxWax:

A Growing Movement, with a Culture to Match

FOUNDER & CEO DEBI LANE TALKS ABOUT THE VIBE BEHIND THE BODY-WAXING BRAND, THE EXPLOSIVE GROWTH AND THE KINDS OF PEOPLE CHOSEN TO JOIN THE CULTURE-DRIVEN FRANCHISE.

When Debi Lane selects new franchisees for the chic-and-cheeky body-waxing concept she launched in 2010 and franchised in 2013, there's a question she asks herself each time: Could I spend an engaging and enjoyable week on a sailboat with this person?

It's not the only requirement, she admits, but it speaks volumes to the company's culture and the people who create and thrive in it.

"We're redefining what success means in business by embracing a person's emotional intelligence and ability to run and grow a successful business," Lane said. "We want partners who strive to be a positive force in their communities, personally and professionally. Bringing the sailboat theory full circle, people can easily come together to achieve a goal (or reach a destination), but if the focus isn't on collaboration and purpose, it's not success at all."

So, does this progressive, people-first with a culture to match approach work?

The short answer is yes. In 2018, Entrepreneur Magazine named LunchboxWax one of the top 50 fastest growing franchising opportunities in the country. This accolade follows a 2017 earned honor from the magazine as one of the top 100 new franchises.

Ed Sheridan and his son Patrick, franchise partners in the Northeast, say the attention to detail and the commitment to culture has been central to growth.

"Walk into any salon, and the competence and kindness is palpable," said Sheridan. "The energy resonates and tells a great story. It's natural to want to be a part of it."

As 2019 unfolds, LunchboxWax continues to bring partnership opportunities to a diverse mix of curious, driven professionals — people who desire the independence afforded by business ownership and the support of a dedicated team poised for growth (no pun intended).

Learn more about becoming a LunchboxWax franchise owner by calling 833-426-1198 or visit lunchboxfranchise.com/em.

LunchboxWax®

How to Hire a Marketing Firm

Reaching customers (and potential franchisees) with your brand message is part art, part science. Three franchise industry vets serve up advice on finding a marketing and social media firm that strikes the right balance.

by HAYDEN FIELD

PHOTOGRAPH BY SHUTTERSTOCK/ESB PROFESSIONAL

1/ Think Holistically

From Kenny Wu, director of corporate marketing, Scorpion

Franchisors are concerned with brand awareness and cohesion, but franchisees see marketing as just a small slice of their daily to-dos and are hyperfocused on performance. Both sides can be made happy...but it means a lot of careful planning, and no rogue franchisee campaigns! The ideal strategy: Build a playbook that broadens and deepens brand awareness, while also developing localized, brand-compliant tactics to help franchisees stand out in their neighborhoods. To pull all this off, franchisors should shop around for a holistic marketing agency that works in different channels—not just search engine ads but also social media, email advertising, remarketing, and video marketing. It's an approach that goes beyond low-hanging fruit, and instead helps franchisees reach their ideal customers wherever they're already spending time on the internet. When you're interviewing agencies, ask to see successful case studies featuring franchises, and beware of anyone who makes guarantees; an agency promising x number of leads for x number of dollars can often mean exaggerated leads and short-term focus. Once you do sign a contract, stay on top of the results. You'll want your agency to walk you through the numbers every month and provide transparent reporting. Be patient at first—it can take a few months for marketing efforts to ramp up—but if you're still not seeing an ROI, it's time to revisit the agency or plan.

2/ Build a Strong Foundation

From Charlie Kerr, president, Drama Kids International

DRAMA KIDS is an after-school theater program with 307 global franchisees. To boost business, in 2017, it hired SocialJoey, a Tennessee firm that could...

1/ Work independently.
SocialJoey spoke directly with franchisees to understand Drama Kids' concept and challenges, freeing the franchise's corporate office to focus on its own tasks. "It requires less and less of my time to manage the account," Kerr says.

2/ Create quality content.
Drama Kids needed to catch the attention of its core audience: parents of kids ages 4 through 17. SocialJoey hit refresh on the brand's social media accounts with posts linking to articles on topics like springtime activities for families, and kid-friendly slow-cooker recipes. "Any brand that simply bombards parents with 'Enroll now' messaging will lose them as an audience very quickly," Kerr says. "You need to entice customers to keep coming back to your site."

3/ Understand what works.
To boost enrollment numbers, SocialJoey ran ad campaigns on Facebook and Instagram, tracked how many ad clicks led to new customers, and adjusted to optimize for paid sign-ups. Says Kerr: "The results skyrocketed."

3/ Unexpected Success

From Andrew Pudalov, founder and CEO, Rush Bowls

What he expected/ Pudalov, founder of blended-fruit-bowl chain Rush Bowls, wanted a branding strategy to attract new franchisees. When he hired Denver-based firm RainTree in 2016, he expected it to do just that.

What he got/ RainTree didn't just generate leads; it shaped Rush Bowls' story in a way that built relationships with franchisees. "They created a connection, one that makes sure the partnership is a right fit," Pudalov says. The brand jumped from two to 101 locations in development.

What Is It Like to Own 1,245 Restaurants?

To start, it earns $2 billion a year. **Greg Flynn** bought his first Applebee's 20 years ago, and today he has redefined what's possible. His philosophy: Be different, then go big. **by SCOTT LUCAS**

Illustration / MAX-O-MATIC


Panera
BREAD
TACO
BELL
Applebee's

Crunchy tacos? Four-cheese soufflé? A house salad with a side of double-crunch bone-in wings? How about a beef-and-cheddar sandwich served with zesty Red Ranch dressing on an onion roll?

Lunchtime for Greg Flynn means more than 1,245 restaurants to choose from. Conveniently, they're all his: 283 Taco Bell units, 135 Panera Bread, 458 Applebee's, and—his latest addition as of December—369 Arby's. Sitting in his skyscraper office in San Francisco's financial district, the founder and CEO of the Flynn Restaurant Group (FRG) picks at a salad from none of the above.

"My goal was to finish this bite before you finished your question," Flynn jokes as we talk about how he got to here.

There are multi-unit franchisees, mega-franchisees, and then there's Greg Flynn—a category all his own. Trim with gray-flecked hair, the Marin county native has built an alimentary archipelago that employs nearly 50,000 people across 33 states. Along the way, he has defined a whole new stratosphere of franchise ownership and remains its highest-grossing player. (Competitor NPC International owns 1,599 Pizza Hut and Wendy's units, but FRG's yearly sales of $2.3 billion was more than double NPC's most recently reported revenue.) According to the *Franchise Times,* FRG is the first privately held franchise company to surpass the $2 billion mark. To put it mildly, Flynn is the guy who broke the mold.

How does one man with a handful of franchises go on to transform the entire industry? "It's as simple as running each of your restaurants well each day, every day, everywhere," says Flynn, looking up from his greens. "And that's not simple at all."

GOBBLING UP franchises wasn't originally in Flynn's plans. He studied at Brown University as an undergrad, got a master's degree in American history at Yale, and then went on to Stanford Graduate School of Business. After earning his MBA, he started a real estate equity fund, buying properties in Seattle—a business he still runs, as well as managing investments in boutique hotel properties. Around the same time, a friend started a restaurant called World Wrapps that caught Flynn's interest. It was the 1990s, and fusion cuisine was all the rage. Figuring he'd ride the wave, he partnered with his buddy to develop the Seattle market, opening 14 branches there. In 1997, *USA Today* trumpeted wraps as "the sizzling fast-food trend." But as it turned out, the more accurate adjective would have been *fizzling*. Not long after, the fad passed and World Wrapps tanked.

"There's a public perception that the restaurant industry is very risky, and that's correct," says Flynn. "The riskiest end is onesie, twosie mom-and-pop startups. That's how I got into the business." But World Wrapps' failure didn't make Flynn bail on the industry. He liked restaurants. His father had owned two Burger Kings in San Francisco, which had been successful. So he took a step back and surveyed the whole foodservice spectrum. If dabbling in the "hot and trendy" extreme hadn't panned out, what if he looked into the boring but dependable? "The biggest, baddest, oldest chains," he says, "are the least risky. My conclusion was that you ought to play on this end."

By "play" he didn't mean play around. He had big eyes. Dusting himself off, Flynn bought his first eight Applebee's franchises in 1999, purchasing them for $14 million after cold-calling their owner. Two years later, he bought an additional 62 stores, financing much of the purchase with money borrowed from Goldman Sachs. At the time, it was a bold move. The prospect of Flynn growing into a major stakeholder, potentially altering the balance of power between franchisee and franchisor, set off alarm bells with Applebee's chairman, Lloyd Hill, who negotiated a deal to keep Flynn from owning any more than 11 percent of the company's franchises.

By 2007, however, the brand was struggling. IHOP purchased Applebee's and embarked on a refranchising strategy, off-loading company-owned restaurants at attractive prices to Flynn. "He's almost the Warren Buffett of franchise restaurants," says industry strategist Aaron Allen, referring to Flynn's value-investing tactics of buying, holding, and improving units in turnaround. "He's picking them up for pennies and able to operate in such a way that he keeps brands going that might otherwise be on the closure list."

As the Great Recession hit, Flynn kept scooping up more Applebee's units, often at a steep discount, buying from franchisees with smaller numbers of restaurants, who were struggling. "Cash flow," says Flynn, "is one of the beautiful things about this business. Once it gets going, and going well, it throws off enough cash to sustain some growth."

> THERE'S A PERCEPTION THAT THE RESTAURANT BUSINESS IS VERY RISKY, AND THAT'S CORRECT. [BUT] THE BIGGEST, BADDEST, OLDEST CHAINS ARE THE LEAST RISKY. MY CONCLUSION WAS THAT YOU OUGHT TO PLAY ON THIS END."

Between 2008 and 2010, he paid an average of a half-million dollars for Applebee's restaurants that would have each cost $1.8 million to build. As for that 11 percent cap? "Not only did they waive the limit, they just deleted it—they realized our growth was good for the system," says Flynn, who now sits on Applebee's Franchise Business Council and has input on brand decisions. "I often pick up the phone and call Greg to discuss

→ MAKE THAT A LARGE! Greg Flynn in front of his flagship Applebee's, in San Francisco.

business," says Applebee's president, John Cywinski. "As a group, we work through challenges and strategy together, and the partnership is simply outstanding."

> CASH FLOW IS ONE OF THE BEAUTIFUL THINGS ABOUT THIS BUSINESS. ONCE IT GETS GOING, AND GOING WELL, IT THROWS OFF ENOUGH CASH TO SUSTAIN SOME GROWTH." (IT'S TO THE TUNE OF 30 PERCENT A YEAR FOR FLYNN.)

Flynn, meanwhile, was disrupting the franchise world with the unusual corporate structure he'd created. He'd set up his company on the premise that when it came to the day-to-day running of hundreds of restaurants across the country, he wasn't the guy. What did he know about Pittsburgh diners versus customers in Kansas City? Or the hurdles of producing endless double-crunch bone-in wings in St. Paul, Minn.? "What we need to avoid is having someone like me," says Flynn, "who doesn't know that restaurant, doesn't know the people, doesn't know the specific competitive landscape, making decisions for that restaurant."

The way FRG works is this: Flynn sets general standards around issues like store cleanliness and food safety, but he doesn't run the franchises; his 40 regional operators do that. They each oversee dozens of restaurants as if *they* were the franchisee. In fact, they are compensated, equity included, based on what they could expect if they did own those franchises. Although these operators report to FRG executives, they make all the day-to-day decisions for their restaurants, working with the individual general managers, handling hiring, firing, and capital expenditures. When they need support, FRG has an office in Independence, Ohio, which houses 150 staffers who assist with human resources, technology, financing, payroll, training, and real estate.

Compared with many of his Stanford peers who went to work for Silicon Valley tech firms, Flynn has taken a different path. But the way he has structured FRG is not so far from how Google and Uber have prospered—by building a platform rather than a product. It's his group's operators who are responsible for delivering the "content," while Flynn concentrates on the structure that allows them to work at efficient—and massive—

PHOTOGRAPH COURTESY OF FLYNN RESTAURANT GROUP

economies of scale.

That strategy helped lead to the recent Arby's deal in December, in which Flynn acquired U.S. Beef, a family-run business headquartered in Tulsa, the nation's largest Arby's franchisee at the time. "I've got Arby's sauce in my blood," says Bo Davis, whose stepfather and grandfather founded U.S. Beef. He started working at the age of four in their restaurants, picking up cigarette butts off the floor with his sisters. At the time of the sale, he was U.S. Beef's COO, after which he joined FRG's RB American Group as a senior vice president. "To leave a family business and go work for somebody you don't really know? I couldn't draw up a better scenario," Davis says. He's still adjusting but is already impressed with Flynn's economies-of-scale model: "Pennies and seconds matter. When you have 1,245 restaurants, finding a way to save 10 bucks a store per day adds up to big numbers."

> "I SPENT THREE DAYS WITH [FLYNN] MAKING ROAST BEEF SANDWICHES. I'VE GOT A PICTURE OF HIM WITH A HAIRNET ON. I'VE NEVER DONE THAT WITH THE GUY WHO SIGNS OUR PAYCHECKS." **—ROBERT WILLIS, director of operations**

WHAT DOES a franchisee mogul like Flynn actually do? The typical day starts for him around 6:45 with an hour devoted to clearing his email box. Then he has breakfast and exercises. "From there it gets a little more unpredictable," he says. About half his time is spent in the office, working with franchisors, operators, vendors, lenders and equity partners, and development issues. The other half, he's on the road. Although he leaves the on-the-ground decisions to his operators, he wants to know the lay of the land. "There's no substitute for being in a restaurant," he says.

On a recent trip after the Arby's acquisition, Flynn visited Denver to roll up his sleeves with Robert Willis, one of RB American's directors of operations, who oversees 29 locations in Colorado. "I got a full standard orientation. I worked the stations. From the ground up, I needed to learn how it runs as a crew member," says Flynn. Willis was impressed. "I spent three days with him making roast beef sandwiches," he says. "I've got a picture of him with a hairnet on. I've never done that with the guy who signs our paychecks."

The Arby's deal was many years in the making. Around 2011, once Applebee's stabilized, Flynn was ready to expand his platform with other brands—but which? He'd crystallized a strategy: Look for what he calls "differentiated" products. Not hamburger chains, for example; he doesn't see much difference between them. But Taco Bell? That's synonymous with Mexican food. How about Panera? Bread bowls. (He now owns 4.8 percent and 10 percent of the domestic franchises of those two brands, respectively.) And then for something new—something else that stood alone—he thought: roast beef sandwiches. "No one is exactly like Arby's," he says.

Diversifying his portfolio was also a good hedge against risk—aside from having different geographical distributions, the quick-service restaurants (QSR) serve as a backstop against Applebee's in the case of another downturn. "If we hit a recession, we may lose some guests," Flynn says, "but we may gain as many as we lose, because value becomes that much more important." Plus the QSR segment is profitable: In 2019, sales will reach $247 billion, up 3.2 percent from 2018, the National Restaurant Association estimates.

Flynn's weight, and the relationships he's built with his franchisors, has allowed him to experiment. He's put tablets on his Applebee's tables and electronic kiosks at Taco Bell, and is attempting to gamify the Arby's drive-through with leaderboards that compare one store's performance with others. Mostly though, Flynn focuses on the grind of selling food, one meal at a time—and since its founding 20 years ago, FRG has enjoyed a 30 percent annual growth rate.

"Kids these days"—Flynn pauses and gives a knowing laugh at the cliché—"are so enamored of the highly publicized tech successes that many of them don't have the patience for a strategy of slow growth that accumulates over time into something substantial. But if you do have the patience for it, it is a very viable way to go and much-lower-risk," he says.

What's next? It's uncharted territory. To continue at this pace, Flynn may have to keep buying franchises, but how big can he get? And how many brands out there meet his "differentiated" criteria? I point out that Dunkin' Donuts is in the middle of a turnaround plan under CEO Nigel Travis. Would that be a possibility? "Coffee—yes and no," he says, thinking out loud. "It's a pretty generic commodity, except that coffee brands have an incredible stickiness to them. If you like Starbucks, you're unlikely to like Peet's. They are not substitutes for each other."

Whatever direction he takes, though, Flynn isn't done yet. "Sometimes I look at our platform and say, 'I don't know where we are going, but it feels like there is something more we can do,'" he says. "I can't tell you exactly what that's going to be, but it's a great launching pad for any number of different directions. And it's been a really fun ride along the way." E

Scott Lucas lives in Oakland and writes about business, technology, and urban planning.

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HOME INSPECTION THROUGH THE EYES OF A LICENSED REALTOR

This Veteran Turned His Skills Into Booming Home Industry Gold

Demetrius Payne knows how to use his expertise and skills. After serving in the Navy for 10 years, he then went on to operate a testing facility for aircraft carriers and submarines for 11 years! Interesting background to say the least. With a love and curiosity about how things work and how they can be improved, practical Payne decided to become a licensed Realtor in 2017.

"I love the thought of putting a couple in their first home and seeing their dreams come true. I am always in on an exciting and happy moment when the decision is made, and it's a great atmosphere to be in. In September of 2018 I added a Pillar To Post Home Inspectors® franchise and training to round out the services I can offer home buyers and sellers," said Payne.

The franchise brand is a favorite among veterans such as Payne. Pillar To Post Home Inspectors is a member of VetFran, a program of the International Franchise Association that helps vets purchase franchises and it has achieved 5-star status in that program, the top ranking possible. In 2018, one-third of new Pillar To Post Home Inspectors franchisees were military vets. But now, Payne is also a Realtor seeing home inspection from a whole other perspective.

"I was impressed by the level of commitment Pillar To Post Home Inspectors makes to its franchisees," Payne said. "My previous careers have taught me leadership, professionalism and customer service skills. My real estate experience helps me understand the ins and outs of homes. And now my home inspection training allows me to help clients make the right decision on the right home."

Payne serves homebuyers and sellers throughout Virginia Beach, Norfolk, Portsmouth, Chesapeake, Suffolk, Isle of Wight, Southampton and Franklin City.

Pillar To Post Home Inspectors is celebrating 25 years in business this year. More than 3 million families have turned to them for their trusted advice when buying a home.

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Choosing a growing industry is one of the first steps in selecting a successful franchise. The decision often lies between selecting a short-lived trend or an industry with a history of success. Consider the staffing industry—it's more than 120 years old in North America and is in a robust growth pattern. Since 1983, Express Employment Professionals has grown to become a behemoth in the industry, putting millions of people to work.

Robust Growth Pattern Prevalent in a $150 Billion Industry

The staffing industry has survived the test of time, allowing companies to manage their workforce through recessions and high-demand seasons. And, in today's demand for workers, more companies are turning to staffing firms to guide them through the challenges of maintaining a productive workforce. Thanks to the success of the industry, Express has continued to break records and in 2018 achieved a new milestone by exceeding 800 franchises

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A release on the performance of Express franchises revealed in 2017 that during the first 12 months, on average, new offices generate sales of more than $1 million. Looking beyond the startup phase, the most recent Express Franchise Disclosure Document showed that the average mature office generates $6.4 million in annual sales*. Express franchise owners also benefit from paying a low percentage in royalties—on average just 8.6 percent of sales.

With two ownership models and nearly 200 available franchise territories, now is the time to explore the opportunity to join the number one staffing franchise. And, for a limited time in 2019, Express is offering $25,000 to candidates who open a new franchise location.

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*For territories open more than sixty months, average sales in 2018 were $6,423,714. Second year offices averaged $3,158,837.99 according to Item 19 in the Express Franchise Disclosure Document.

HOMEVESTORS® "WE BUY UGLY HOUSES®" SURPASSES 1,000

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HomeVestors® is the "We Buy Ugly Houses®" franchise. We buy houses to rehab, rent, or sell improving neighborhoods for everyone. Franchisees can office from home, use our ValueChek® software and multiple support programs, including a mentor and qualified leads. Financing available for qualified purchases and repairs.

HOMEVESTORS® FUN FACTS

- **You can become a HomeVestors® franchisee for less than $100,000**
- **Two size options - Associate or Full Franchise to meet your goals**
- **Top-rated in multiple franchise categories year after year**

"HomeVestors® absolutely helps to set you up for success. Without them, the successes we've reached simply wouldn't have been possible." – Cody Evans

The HomeVestors® franchise network grew substantially in 2018 surpassing 1,000 independently owned and operated franchise locations, with expansion projected to keep right on going in 2019. Reasons for this growth are clear - the HomeVestors® business model is built on a foundation of responsible business practices and high ethical standards, which our franchisees embody. Rather than competing, our franchisees act as mentors to one another, sharing vendors and advice. All of our franchisees are supported centrally with advertising from our nationally recognized "We Buy Ugly Houses®" brand, proprietary home evaluation and content management software, deep knowledge of the industry, and financial resources.

Unlike most real estate franchises, we work specifically as professional real estate investors where we set ourselves apart from the competition of traditional realtors and brokers. As a HomeVestors® franchise owner, you get to manage your own investments while also benefiting from our national network of knowledge and resources.

HomeVestors® franchisees find people in ugly real estate situations and help by typically paying cash for their properties and closing quickly on houses.

We then rehab the homes either for sale to other investors or homebuyers, or to hold them as rental properties.

In doing so, we help the owners get out of their "ugly" housing situations, enabling them to move on with their lives.

At the same time, we provide opportunities for new renters and first-time homebuyers in the area, dramatically improving the neighborhoods we invest in.

And it's worked. We've bought over 95,000 houses, and we've been the leading cash buyer of houses in the United States since 1996—back when we were just five Texas offices sharing a phone line.

HOMEVESTORS® AMERICA'S #1 HOME BUYER

For More HomeVestors® Information:

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Franchise/ The List

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PHOTOGRAPH BY SHUTTERSTOCK/FEDOROVACZ

FLAVOR FAVES

Food dominates the franchise world.
Here, we rank the strongest brands in 14 tasty categories.

compiled by **TRACY STAPP HEROLD**

Ask someone to name a franchise, and chances are it will be a food-based one. Some of the biggest and best-loved franchise brands center around food, and perhaps that's no surprise—after all, everybody eats. And more than that, everybody enjoys eating. Food isn't just a necessity—it's a desire, one that draws in both customers and franchisees.

More than a fifth of the companies that applied for our 2019 Franchise 500 ranking were food-based franchises, offering everything from tried-and-true favorites like burgers and pizza to the latest trends, like poke and acai bowls. You'll find the top 200 of them on the following pages, ranked within their respective categories. These rankings are based on the scores each company received from our Franchise 500 formula, which evaluates more than 150 data points in the areas of costs and fees, size and growth, franchisee support, brand strength, and financial strength and stability.

Keep in mind that this list is not intended as a recommendation of any particular company. With so many food-based franchises to choose from, it's important to do your own careful research before you buy. Read the company's legal documents, consult with an attorney and an accountant, and talk to existing and former franchisees.

ASIAN FOOD

1
L&L Hawaiian Barbecue
Asian-American food
STARTUP COST
$135.7K–$527K
TOTAL UNITS
(Franchised / Co.-Owned)
185/0

2
Pho Hoa
Vietnamese food
STARTUP COST
$226.1K–$436.7K
TOTAL UNITS
(Franchised / Co.-Owned)
53/10

3
Teriyaki Madness
Asian food
STARTUP COST
$273.7K–$670.8K
TOTAL UNITS
(Franchised / Co.-Owned)
49/2

4
Thai Express
Thai food
STARTUP COST
$337.9K–$753.7K
TOTAL UNITS
(Franchised / Co.-Owned)
301/1

5
Manchu Wok
Chinese food
STARTUP COST
$441.1K–$713.5K
TOTAL UNITS
(Franchised / Co.-Owned)
104/1

6
Ginger Sushi Boutique
Sushi
STARTUP COST
$265.6K–$387.7K
TOTAL UNITS
(Franchised / Co.-Owned)
157/0

7
Pokeworks
Poke
STARTUP COST
$250K–$850.5K
TOTAL UNITS
(Franchised / Co.-Owned)
27/11

BAKED GOODS

1
Cinnabon
Cinnamon rolls, baked goods, coffee
STARTUP COST
$185.2K–$330.7K
TOTAL UNITS
(Franchised / Co.-Owned)
1,512/1

2
Auntie Anne's Hand-Rolled Soft Pretzels
Soft pretzels
STARTUP COST
$199.5K–$385.1K
TOTAL UNITS
(Franchised / Co.-Owned)
1,934/13

3
Great American Cookies
Cookies
STARTUP COST
$160.5K–$461.1K
TOTAL UNITS
(Franchised / Co.-Owned)
376/0

4
Kolache Factory
Kolaches
STARTUP COST
$415.2K–$696.9K
TOTAL UNITS
(Franchised / Co.-Owned)
31/25

5
Duck Donuts Franchising
Doughnuts and coffee
STARTUP COST
$348.4K–$568K
TOTAL UNITS
(Franchised / Co.-Owned)
69/0

6
Shipley Do-Nuts
Doughnuts, kolaches, pastries, coffee
STARTUP COST
$340.9K–$566.2K
TOTAL UNITS
(Franchised / Co.-Owned)
285/13

7
Wetzel's Pretzels
Soft pretzels, lemonade, hot dogs
STARTUP COST
$164.95K–$405.9K
TOTAL UNITS
(Franchised / Co.-Owned)
323/20

8
Ben's Soft Pretzels
Soft pretzels, dipping sauces, beverages
STARTUP COST
$107.2K–$339.5K
TOTAL UNITS
(Franchised / Co.-Owned)
68/17

9
Cinnaholic Franchising
Cinnamon rolls, coffee
STARTUP COST
$178K–$308.5K
TOTAL UNITS
(Franchised / Co.-Owned)
22/1

10
Great Harvest Franchising
Bakery cafés
STARTUP COST
$144.1K–$630.9K
TOTAL UNITS
(Franchised / Co.-Owned)
182/2

11
Breadsmith
European-style breads and sweets
STARTUP COST
$354.3K–$399.9K
TOTAL UNITS
(Franchised / Co.-Owned)
31/2

12
Pretzelmaker
Pretzels
STARTUP COST
$205.2K–$327K
TOTAL UNITS
(Franchised / Co.-Owned)
264/0

13
Big Apple Bagels/ My Favorite Muffin
Bagels, sandwiches, muffins, coffee, smoothies
STARTUP COST
$284.5K–$394K
TOTAL UNITS
(Franchised / Co.-Owned)
80/0

14
Woops!
Macarons and coffee
STARTUP COST
$79.9K–$365.7K
TOTAL UNITS
(Franchised / Co.-Owned)
33/7

15
Philly Pretzel Factory
Soft pretzels
STARTUP COST
$133.99K–$351.4K
TOTAL UNITS
(Franchised / Co.-Owned)
167/7

16
Peace, Love & Little Donuts
Doughnuts and coffee
STARTUP COST
$121.2K–$235.1K
TOTAL UNITS
(Franchised / Co.-Owned)
21/4

17
Le Macaron French Pastries
Macarons, pastries, gelato, chocolates, specialty coffee and tea
STARTUP COST
$91.8K–$373.5K
TOTAL UNITS
(Franchised / Co.-Owned)
41/5

PHOTOGRAPH BY JONAS HIDALGO/WOOPS!

Baked Goods/Woops!

WHEN FOUR FRIENDS opened a pop-up booth selling macarons in New York, they met with unexpected success, and Woops! was born. The company offers a multitude of unique flavors, including cotton candy, peanut butter and jelly, and mojito. And franchisees have almost as many choices as customers, with multiple revenue streams they can pursue, including corporate gifting (macarons can even have logos printed on them); catering (colorful macaron pyramids have become a popular alternative to wedding cakes); and, of course, pop-up sales events.

CHICKEN

1
KFC US
Chicken
STARTUP COST
$1.4M–$2.8M
TOTAL UNITS
(Franchised / Co.-Owned)
20,775/668

2
Bojangles' Famous Chicken 'n Biscuits
Chicken, biscuits, iced tea
STARTUP COST
$1.5M–$2.4M
TOTAL UNITS
(Franchised / Co.-Owned)
441/325

3
Chester's
Chicken
STARTUP COST
$12.4K–$286.8K
TOTAL UNITS
(Franchised / Co.-Owned)
1,192/0

4
Golden Chick
Chicken
STARTUP COST
$237.95K–$488K
TOTAL UNITS
(Franchised / Co.-Owned)
173/13

5
Champs Chicken
Fried chicken, fried fish, sides
STARTUP COST
$9K–$349K
TOTAL UNITS
(Franchised / Co.-Owned)
393/0

6
Chicken Salad Chick
Chicken salads, soups, sides
STARTUP COST
$483K–$648K
TOTAL UNITS
(Franchised / Co.-Owned)
71/19

7
Epic Wings
Chicken wings and tenders, fries, bread sticks, sauces
STARTUP COST
$462.95K–$1.2M
TOTAL UNITS
(Franchised / Co.-Owned)
1/18

COFFEE

1
Dunkin'
Coffee, doughnuts, baked goods
STARTUP COST
$228.6K–$1.7M
TOTAL UNITS
(Franchised / Co.-Owned)
12,871/0

2
The Human Bean Drive Thru
Specialty coffee
STARTUP COST
$211.6K–$688.4K
TOTAL UNITS
(Franchised / Co.-Owned)
66/13

3
Gloria Jean's Coffees
Specialty coffee
STARTUP COST
$173.2K–$473K
TOTAL UNITS
(Franchised / Co.-Owned)
854/0

4
Scooter's Coffee
Espresso drinks, smoothies, pastries
STARTUP COST
$351K–$587K
TOTAL UNITS
(Franchised / Co.-Owned)
192/15

5
Biggby Coffee
Specialty coffee, tea, smoothies, baked goods
STARTUP COST
$166.4K–$324.1K
TOTAL UNITS
(Franchised / Co.-Owned)
231/0

6
PJ's Coffee of New Orleans
Coffee, tea, pastries, sandwiches, salads
STARTUP COST
$168.9K–$566K
TOTAL UNITS
(Franchised / Co.-Owned)
84/0

7
Aroma Joe's Coffee
Specialty coffee
STARTUP COST
$255K–$664K
TOTAL UNITS
(Franchised / Co.-Owned)
64/1

8
The Coffee Beanery
Coffee, tea, sandwiches, salads
STARTUP COST
$185K–$466.5K
TOTAL UNITS
(Franchised / Co.-Owned)
59/1

9
It's A Grind Coffee House
Specialty coffee
STARTUP COST
$173.2K–$473K
TOTAL UNITS
(Franchised / Co.-Owned)
25/0

10
Dunn Brothers Coffee
Specialty coffee, tea, baked goods, sandwiches, soups, salads
STARTUP COST
$406.3K–$608.5K
TOTAL UNITS
(Franchised / Co.-Owned)
75/4

11
Drnk coffee + tea and Qwench juice bar
Espresso, coffee, tea, smoothies, juices, sandwiches
STARTUP COST
$253.2K–$693.1K
TOTAL UNITS
(Franchised / Co.-Owned)
14/0

FROZEN DESSERTS

1
Culver's
Frozen custard, specialty burgers
STARTUP COST
$2M–$4.7M
TOTAL UNITS
(Franchised / Co.-Owned)
661/6

2
Baskin-Robbins
Ice cream, frozen yogurt, frozen beverages
STARTUP COST
$93.6K–$401.8K
TOTAL UNITS
(Franchised / Co.-Owned)
8,041/0

3
Dairy Queen
Ice cream, burgers, chicken
STARTUP COST
$1.1M–$1.8M
TOTAL UNITS
(Franchised / Co.-Owned)
7,066/2

4
Freddy's Frozen Custard & Steakburgers
Frozen custard, steakburgers, hot dogs
STARTUP COST
$577.97K–$1.99M
TOTAL UNITS
(Franchised / Co.-Owned)
287/24

5
Kona Ice
Shaved-ice trucks
STARTUP COST
$124.8K–$147.6K
TOTAL UNITS
(Franchised / Co.-Owned)
1,111/23

6
Ben & Jerry's
Ice cream, frozen yogurt, sorbet, smoothies
STARTUP COST
$149.2K–$504.3K
TOTAL UNITS
(Franchised / Co.-Owned)
556/37

7
Creamistry Franchise
Ice cream
STARTUP COST
$224.5K–$576.5K
TOTAL UNITS
(Franchised / Co.-Owned)
61/1

8
Dippin' Dots Franchising
Specialty ice cream, frozen yogurt, ices, sorbet
STARTUP COST
$112.2K–$366.95K
TOTAL UNITS
(Franchised / Co.-Owned)
219/1

9
Yogurtland Franchising
Self-serve frozen yogurt and ice cream
STARTUP COST
$298.7K–$693.3K
TOTAL UNITS
(Franchised / Co.-Owned)
305/12

10
Popbar
Gelato, sorbetto, and frozen yogurt on a stick
STARTUP COST
$217K–$458.4K
TOTAL UNITS
(Franchised / Co.-Owned)
27/1


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11
Bruster's Real Ice Cream
Ice cream, frozen yogurt, ices, sherbets
STARTUP COST
$270.2K–$1.3M
TOTAL UNITS (Franchised / Co.-Owned)
196/2

12
sweetFrog Premium Frozen Yogurt
Self-serve frozen yogurt
STARTUP COST
$221.5K–$439.5K
TOTAL UNITS (Franchised / Co.-Owned)
206/76

13
Carvel
Ice cream, ice cream cakes
STARTUP COST
$250.6K–$415.5K
TOTAL UNITS (Franchised / Co.-Owned)
373/0

14
Bahama Buck's
Shaved ice, fruit smoothies
STARTUP COST
$233.3K–$832.96K
TOTAL UNITS (Franchised / Co.-Owned)
109/4

15
Cold Stone Creamery
Ice cream, sorbet
STARTUP COST
$50.2K–$467.5K
TOTAL UNITS (Franchised / Co.-Owned)
1,233/3

16
Marble Slab Creamery
Ice cream, frozen yogurt, baked goods
STARTUP COST
$293.1K–$376.1K
TOTAL UNITS (Franchised / Co.-Owned)
330/0

17
Rita's Italian Ice
Italian ice, frozen custard
STARTUP COST
$172.2K–$430.9K
TOTAL UNITS (Franchised / Co.-Owned)
598/0

18
Mister Softee
Soft-serve ice cream trucks
STARTUP COST
$158.5K–$181K
TOTAL UNITS (Franchised / Co.-Owned)
266/0

19
Sub Zero Franchise
Ice cream, Italian ice, frozen yogurt, custard
STARTUP COST
$219.5K–$475.5K
TOTAL UNITS (Franchised / Co.-Owned)
56/3

FULL-SERVICE RESTAURANTS

1
Golden Corral Restaurants
Family steakhouses, buffets, and bakeries
STARTUP COST
$2.2M–$6.6M
TOTAL UNITS (Franchised / Co.-Owned)
448/43

2
Buffalo Wild Wings
Buffalo wings
STARTUP COST
$1.99M–$3.8M
TOTAL UNITS (Franchised / Co.-Owned)
638/638

3
Gyu-Kaku Japanese BBQ Restaurant
Japanese barbecue restaurants
STARTUP COST
$1M–$2.1M
TOTAL UNITS (Franchised / Co.-Owned)
706/21

4
Hooters
Casual restaurants
STARTUP COST
$956.6K–$4.3M
TOTAL UNITS (Franchised / Co.-Owned)
225/207

5
Black Bear Diner
Family restaurants
STARTUP COST
$1.1M–$1.9M
TOTAL UNITS (Franchised / Co.-Owned)
74/42

6
Old Chicago Pizza & Taproom
Pizza, pasta, burgers, salads, craft beer
STARTUP COST
$1.4M–$2.2M
TOTAL UNITS (Franchised / Co.-Owned)
35/73

7
The Melting Pot Restaurants
Fondue restaurants
STARTUP COST
$1.5M–$1.7M
TOTAL UNITS
(Franchised / Co.-Owned)
114/3

8
Brass Tap
Craft-beer bars
STARTUP COST
$780.7K–$1.3M
TOTAL UNITS
(Franchised / Co.-Owned)
47/1

9
Famous Toastery
Breakfast, brunch, and lunch restaurants
STARTUP COST
$600.5K–$1M
TOTAL UNITS
(Franchised / Co.-Owned)
23/8

10
Arooga's Grille House & Sports Bar
Sports-themed restaurants and bars
STARTUP COST
$1.3M–$3.4M
TOTAL UNITS
(Franchised / Co.-Owned)
9/10

11
Buffalo Wings & Rings
Sports restaurants
STARTUP COST
$1.3M–$2.4M
TOTAL UNITS
(Franchised / Co.-Owned)
76/3

12
The Greene Turtle Sports Bar & Grille
Family restaurants and sports bars
STARTUP COST
$1.5M–$2.7M
TOTAL UNITS
(Franchised / Co.-Owned)
35/12

13
Rock & Brews Franchising
Restaurants and bars
STARTUP COST
$1.5M–$4.2M
TOTAL UNITS
(Franchised / Co.-Owned)
18/2

14
Native Grill & Wings Franchising
Family sports grills
STARTUP COST
$998K–$2.6M
TOTAL UNITS
(Franchised / Co.-Owned)
30/2

15
Hwy 55 Burgers, Shakes & Fries
'50s-style diners
STARTUP COST
$196.1K–$433.1K
TOTAL UNITS
(Franchised / Co.-Owned)
121/17

16
Beef O'Brady's Family Sports Pub
Family sports restaurants
STARTUP COST
$806.6K–$1.3M
TOTAL UNITS
(Franchised / Co.-Owned)
155/16

17
The Lost Cajun
Cajun restaurants
STARTUP COST
$212.6K–$661K
TOTAL UNITS
(Franchised / Co.-Owned)
23/1

18
Boston's Restaurant & Sports Bar
Restaurants and sports bars
STARTUP COST
$1.1M–$3M
TOTAL UNITS
(Franchised / Co.-Owned)
422/2

19
Johnny's Italian Steakhouse
Steaks, seafood, pasta, desserts
STARTUP COST
$1.3M–$4M
TOTAL UNITS
(Franchised / Co.-Owned)
4/9

20
Ground Round Grill & Bar
Casual restaurants
STARTUP COST
$329K–$2.2M
TOTAL UNITS
(Franchised / Co.-Owned)
23/0

21
HuHot Mongolian Grills
Mongolian grill restaurants
STARTUP COST
$984K–$1.2M
TOTAL UNITS
(Franchised / Co.-Owned)
46/21

22
Russo's New York Pizzeria
Pizza, pasta, soups, salads, sandwiches, desserts
STARTUP COST
$454.4K–$1.5M
TOTAL UNITS
(Franchised / Co.-Owned)
39/7

23
Boomarang Diner Franchising
'50s-and-'60s-themed restaurants
STARTUP COST
$111.8K–$550.6K
TOTAL UNITS
(Franchised / Co.-Owned)
28/23

24
Cicis
All-you-can-eat pizza buffets
STARTUP COST
$222.5K–$1.1M
TOTAL UNITS
(Franchised / Co.-Owned)
378/49

25
Bar Louie
Restaurants and bars
STARTUP COST
$763.5K–$3.4M
TOTAL UNITS
(Franchised / Co.-Owned)
19/112

26
Twin Peaks Restaurant
Restaurants and bars
STARTUP COST
$1.4M–$3.6M
TOTAL UNITS
(Franchised / Co.-Owned)
52/30

27
Eggs Up Grill
Breakfast and lunch restaurants
STARTUP COST
$421.8K–$611.9K
TOTAL UNITS
(Franchised / Co.-Owned)
26/0

28
Elmer's Breakfast Lunch Dinner/ Egg N' Joe
Family restaurants
STARTUP COST
$712K–$3.2M
TOTAL UNITS
(Franchised / Co.-Owned)
18/11

29
East Coast Wings + Grill
Buffalo wings and craft beer
STARTUP COST
$661.4K–$1.1M
TOTAL UNITS
(Franchised / Co.-Owned)
34/2

30
Buffalo's Cafe
Buffalo-wings restaurants
STARTUP COST
$407.4K–$1M
TOTAL UNITS
(Franchised / Co.-Owned)
18/1

HAMBURGERS

1
McDonald's
Burgers, chicken, salads, beverages
STARTUP COST
$1.1M–$2.2M
TOTAL UNITS
(Franchised / Co.-Owned)
34,521/2,885

2
Sonic Drive-In
Burgers, hot dogs, chicken sandwiches, breakfast, ice cream, beverages
STARTUP COST
$865K–$3.6M
TOTAL UNITS
(Franchised / Co.-Owned)
3,365/228

3
Jack in the Box
Burgers
STARTUP COST
$1.5M–$3.3M
TOTAL UNITS
(Franchised / Co.-Owned)
2,085/157

4
Carl's Jr. Restaurants
Burgers
STARTUP COST
$1.6M–$2.2M
TOTAL UNITS
(Franchised / Co.-Owned)
1,589/52

5
Hardee's Restaurants
Burgers
STARTUP COST
$1.5M–$1.99M
TOTAL UNITS
(Franchised / Co.-Owned)
2,124/118

6
Checkers Drive-In Restaurants
Burgers, fries
STARTUP COST
$96.4K–$1.5M
TOTAL UNITS
(Franchised / Co.-Owned)
623/256

7
BurgerFi
Burgers, hot dogs, fries, onion rings, custard, craft beer, wine
STARTUP COST
$670.4K–$973.3K
TOTAL UNITS
(Franchised / Co.-Owned)
85/18

8
Wayback Burgers
Burgers, fries, onion rings, shakes
STARTUP COST
$209K–$524.5K
TOTAL UNITS
(Franchised / Co.-Owned)
136/6

9
Fatburger North America
Burgers
STARTUP COST
$525.5K–$988K
TOTAL UNITS
(Franchised / Co.-Owned)
151/0

10
Mooyah Burgers, Fries, & Shakes
Burgers, fries, shakes
STARTUP COST
$397.8K–$559.4K
TOTAL UNITS
(Franchised / Co.-Owned)
87/2

HOT DOGS

1
Wienerschnitzel
Hot dogs, ice cream
STARTUP COST
$303.6K–$1.4M
TOTAL UNITS
(Franchised / Co.-Owned)
323/0

2
Hot Dog on a Stick
Corn dogs, lemonade, fries, funnel cakes
STARTUP COST
$338.2K–$556K
TOTAL UNITS
(Franchised / Co.-Owned)
29/45

3
Dog Haus International
Hot dogs, sausages, burgers
STARTUP COST
$366K–$823.1K
TOTAL UNITS
(Franchised / Co.-Owned)
31/0

MEXICAN FOOD

1
Taco Bell
Mexican food
STARTUP COST
$525.1K–$2.6M
TOTAL UNITS
(Franchised / Co.-Owned)
6,299/606

2
Fuzzy's Taco Shop
Baja-style Mexican food
STARTUP COST
$858.5K–$1.3M
TOTAL UNITS
(Franchised / Co.-Owned)
136/10

3
Taco John's International
Mexican food
STARTUP COST
$942K–$1.4M
TOTAL UNITS
(Franchised / Co.-Owned)
383/10

4
Moe's Southwest Grill
Mexican food
STARTUP COST
$446K–$997.2K
TOTAL UNITS
(Franchised / Co.-Owned)
716/5

5
Del Taco Fresh Mexican Grill
Mexican/American food
STARTUP COST
$859.7K–$2.1M
TOTAL UNITS
(Franchised / Co.-Owned)
270/310

6
Qdoba Mexican Eats
Mexican food
STARTUP COST
$936.2K–$2.3M
TOTAL UNITS
(Franchised / Co.-Owned)
356/385

7
Chronic Tacos Enterprises
Mexican food
STARTUP COST
$296K–$799K
TOTAL UNITS
(Franchised / Co.-Owned)
45/6

8
California Tortilla
Mexican food
STARTUP COST
$378.4K–$697K
TOTAL UNITS
(Franchised / Co.-Owned)
42/4

9
Bubbakoo's Burritos
Mexican food
STARTUP COST
$135.5K–$398K
TOTAL UNITS
(Franchised / Co.-Owned)
9/10

10
TacoTime
Mexican food
STARTUP COST
$144.7K–$814.1K
TOTAL UNITS
(Franchised / Co.-Owned)
261/0

PHOTOGRAPH COURTESY OF QDOBA

Mexican Food/Qdoba Mexican Eats

THIS VALENTINE'S DAY, Qdoba held its ninth annual Qdoba for a Kiss promotion, offering customers a free entrée when they purchased an entrée and shared a kiss with anyone—or anything (yes, kissing your burrito counts). The company also uses the event to raise money for No Kid Hungry, inviting guests to donate at restaurants, and encouraging them to post on Twitter, Facebook, or Instagram, where Qdoba would donate $1 (up to $10,000) for every post containing a #QdobaForAKiss hashtag. What's not to love about that?

The List

11
Quesada Burritos & Tacos
Mexican food
STARTUP COST
$239K–$320.5K
TOTAL UNITS (Franchised / Co.-Owned)
102/3

MISC. QUICK-SERVICE RESTAURANTS

1
Captain D's
Seafood
STARTUP COST
$781K–$1.1M
TOTAL UNITS (Franchised / Co.-Owned)
242/290

2
Bar-B-Cutie SmokeHouse
Barbecue
STARTUP COST
$266.99K–$2.1M
TOTAL UNITS (Franchised / Co.-Owned)
11/2

3
Orion Food Systems
Fast-food systems for nontraditional markets
STARTUP COST
$59.5K–$140K
TOTAL UNITS (Franchised / Co.-Owned)
1,006/0

4
Fazoli's Franchising Systems
Italian food
STARTUP COST
$800.2K–$1.8M
TOTAL UNITS (Franchised / Co.-Owned)
161/52

5
Golden Krust Franchising
Caribbean-style food
STARTUP COST
$225.9K–$687K
TOTAL UNITS (Franchised / Co.-Owned)
112/6

6
Zoup! Systems
Soups, salads, sandwiches
STARTUP COST
$355.9K–$648.5K
TOTAL UNITS (Franchised / Co.-Owned)
87/2

7
Newk's Eatery
Sandwiches, salads, soups, pizzas, desserts
STARTUP COST
$932K–$1.1M
TOTAL UNITS (Franchised / Co.-Owned)
103/22

8
Jazen Tea
Fruit and bubble teas, slushies, smoothies, snacks
STARTUP COST
$163.3K–$295.5K
TOTAL UNITS (Franchised / Co.-Owned)
9/11

9
Urban Bar-B-Que
Barbecue
STARTUP COST
$182.7K–$365.2K
TOTAL UNITS (Franchised / Co.-Owned)
8/3

10
Saladworks
Salads, wraps, grain bowls, toast, soups
STARTUP COST
$415.3K–$596.5K
TOTAL UNITS (Franchised / Co.-Owned)
88/4

11
Cousins Maine Lobster
Lobster food trucks and restaurants
STARTUP COST
$145.9K–$768.2K
TOTAL UNITS (Franchised / Co.-Owned)
27/5

12
SoBol
Acai bowls
STARTUP COST
$182.2K–$385K
TOTAL UNITS (Franchised / Co.-Owned)
22/2

13
D.P. Dough
Calzones, wings, sides, salads, desserts
STARTUP COST
$142.96K–$463.2K
TOTAL UNITS (Franchised / Co.-Owned)
24/3

14
Frutta Bowls Franchising
Acai, pitaya, and kale bowls, and fruit smoothies
STARTUP COST
$145.8K–$385.6K
TOTAL UNITS (Franchised / Co.-Owned)
30/2

15
Vitality Bowls
Acai bowls, smoothies, juices, paninis, salads
STARTUP COST
$154.1K–$563.5K
TOTAL UNITS (Franchised / Co.-Owned)
50/5

16
Grabbagreen
Gluten-free food, juices, smoothies
STARTUP COST
$282.7K–$413.8K
TOTAL UNITS (Franchised / Co.-Owned)
26/1

PIZZA

1
Pizza Hut
Pizza, pasta, wings
STARTUP COST
$327K–$2.3M
TOTAL UNITS (Franchised / Co.-Owned)
15,325/93

2
Papa John's International
Pizza
STARTUP COST
$130.1K–$844.4K
TOTAL UNITS (Franchised / Co.-Owned)
4,569/678

3
Blaze Fast-Fire'd Pizza
Assembly-line pizza
STARTUP COST
$454.4K–$1.1M
TOTAL UNITS (Franchised / Co.-Owned)
277/6

4
Marco's Pizza
Pizza, subs, wings, cheese bread
STARTUP COST
$289.8K–$762.5K
TOTAL UNITS (Franchised / Co.-Owned)
905/0

5
Hungry Howie's Pizza & Subs
Pizza, subs, bread, wings, salads, desserts
STARTUP COST
$228.3K–$475K
TOTAL UNITS (Franchised / Co.-Owned)
521/30

6
Rosati's Pizza
Pizza, Italian food
STARTUP COST
$136.2K–$1.2M
TOTAL UNITS (Franchised / Co.-Owned)
131/13

7
Jet's Pizza
Pizza, subs, salads, wings, dessert
STARTUP COST
$457.5K–$651K
TOTAL UNITS (Franchised / Co.-Owned)
351/37

8
Mountain Mike's Pizza
Pizza, wings, salad bar, appetizers
STARTUP COST
$207.5K–$593K
TOTAL UNITS (Franchised / Co.-Owned)
205/0

9
Donatos
Pizza, subs, salads
STARTUP COST
$375.5K–$699.9K
TOTAL UNITS (Franchised / Co.-Owned)
103/57

10
Pizza Factory
Pizza, pasta, sandwiches
STARTUP COST
$372K–$562K
TOTAL UNITS (Franchised / Co.-Owned)
103/1

11
Round Table Pizza
Pizza, wings, salads
STARTUP COST
$426.5K–$836.3K
TOTAL UNITS (Franchised / Co.-Owned)
306/74

12
Paisano's Pizza
Pizza and Italian food
STARTUP COST
$347K–$635.5K
TOTAL UNITS (Franchised / Co.-Owned)
24/13

13
Ledo Pizza
Pizza, subs, pasta
STARTUP COST
$126.3K–$442K
TOTAL UNITS (Franchised / Co.-Owned)
103/0

14
LaRosa's Pizzeria
Pizza, Italian food
STARTUP COST
$729.2K–$1.8M
TOTAL UNITS
(Franchised / Co.-Owned)
52/11

15
Happy Joe's
Pizza, pasta, sandwiches, salads, frozen yogurt
STARTUP COST
$189K–$1.1M
TOTAL UNITS
(Franchised / Co.-Owned)
38/10

16
Fox's Pizza Den
Pizza, sandwiches, wings, salads
STARTUP COST
$110.8K–$210.8K
TOTAL UNITS
(Franchised / Co.-Owned)
218/0

17
Cottage Inn Pizza
Pizza
STARTUP COST
$200K–$350K
TOTAL UNITS
(Franchised / Co.-Owned)
46/9

18
Papa Murphy's Take 'N' Bake Pizza
Take-and-bake pizza
STARTUP COST
$279.1K–$518.8K
TOTAL UNITS
(Franchised / Co.-Owned)
1,347/122

19
Romeo's Pizza
Pizza, subs, wings, salads, appetizers
STARTUP COST
$128K–$403K
TOTAL UNITS
(Franchised / Co.-Owned)
31/1

20
Figaro's Pizza
Pizza, take-and-bake pizza
STARTUP COST
$86.5K–$549K
TOTAL UNITS
(Franchised / Co.-Owned)
37/0

21
Gatti's Pizza
Pizza, pasta, salad, and sandwich buffets
STARTUP COST
$1.6M–$2.8M
TOTAL UNITS
(Franchised / Co.-Owned)
60/19

22
Your Pie
Assembly-line pizza
STARTUP COST
$364.8K–$610K
TOTAL UNITS
(Franchised / Co.-Owned)
55/2

23
1000 Degrees Pizza
Assembly-line pizza, salads, wings
STARTUP COST
$218.2K–$764.3K
TOTAL UNITS
(Franchised / Co.-Owned)
42/1

RETAIL FOOD/ FOOD SERVICES

1
Kilwins Chocolates Franchise
Chocolates, fudge, ice cream
STARTUP COST
$423.3K–$790.2K
TOTAL UNITS
(Franchised / Co.-Owned)
116/2

2
Edible Arrangements
Sculpted fresh-fruit bouquets
STARTUP COST
$189.8K–$348.95K
TOTAL UNITS
(Franchised / Co.-Owned)
1,215/4

3
HoneyBaked Ham
Retail specialty foods, catering, cafés
STARTUP COST
$301.7K–$501.5K
TOTAL UNITS
(Franchised / Co.-Owned)
213/201

4
Beef Jerky Outlet Franchise
Jerky, sausages, specialty foods
STARTUP COST
$215.8K–$394.9K
TOTAL UNITS
(Franchised / Co.-Owned)
100/6

5
Watermill Express Franchising
Water and ice vending machines
STARTUP COST
$467.7K–$631.2K
TOTAL UNITS
(Franchised / Co.-Owned)
310/972

6
Totally Nutz
Cinnamon-glazed almonds, pecans, and cashews
STARTUP COST
$59.9K–$258.4K
TOTAL UNITS
(Franchised / Co.-Owned)
37/11

7
Rocky Mountain Chocolate Factory
Chocolates, confections
STARTUP COST
$186.5K–$476.8K
TOTAL UNITS
(Franchised / Co.-Owned)
247/2

8
The Spice & Tea Exchange
Spices, teas, related products
STARTUP COST
$200.6K–$356.2K
TOTAL UNITS
(Franchised / Co.-Owned)
59/1

9
Doc Popcorn
Kettle-cooked popcorn
STARTUP COST
$46.9K–$353.8K
TOTAL UNITS
(Franchised / Co.-Owned)
95/1

10
Happy & Healthy Products
Frozen fruit bars
STARTUP COST
$52.8K–$96.9K
TOTAL UNITS
(Franchised / Co.-Owned)
47/0

11
Chefs For Seniors
In-home meal preparation service for seniors
STARTUP COST
$10.5K–$26.7K
TOTAL UNITS
(Franchised / Co.-Owned)
21/3

SANDWICHES

1
Jersey Mike's Subs
Subs
STARTUP COST
$178.5K–$746.3K
TOTAL UNITS
(Franchised / Co.-Owned)
1,441/84

2
Jimmy John's Gourmet Sandwiches
Sandwiches
STARTUP COST
$329.5K–$557.5K
TOTAL UNITS
(Franchised / Co.-Owned)
2,737/56

3
McAlister's Deli
Sandwiches, salads, baked potatoes
STARTUP COST
$762K–$2M
TOTAL UNITS
(Franchised / Co.-Owned)
400/28

4
Arby's
Sandwiches, fries, shakes
STARTUP COST
$314.6K–$1.8M
TOTAL UNITS
(Franchised / Co.-Owned)
2,312/1,117

5
Firehouse Subs
Subs
STARTUP COST
$92.3K–$824.8K
TOTAL UNITS
(Franchised / Co.-Owned)
1,118/37

6
Potbelly Sandwich Shop
Toasted sandwiches
STARTUP COST
$503.95K–$849K
TOTAL UNITS
(Franchised / Co.-Owned)
56/435

7
Charleys Philly Steaks
Philly cheesesteaks, fries, lemonade
STARTUP COST
$252.1K–$580.5K
TOTAL UNITS
(Franchised / Co.-Owned)
539/56

8
Subway
Subs, salads
STARTUP COST
$150.1K–$328.7K
TOTAL UNITS
(Franchised / Co.-Owned)
42,431/0

9
Which Wich Superior Sandwiches
Sandwiches
STARTUP COST
$203K–$495.3K
TOTAL UNITS
(Franchised / Co.-Owned)
465/2

10
Penn Station East Coast Subs
Grilled subs
STARTUP COST
$290.98K–$594.5K
TOTAL UNITS
(Franchised / Co.-Owned)
314/1

11
Schlotzsky's
Sandwiches, pizza, salads
STARTUP COST
$503.8K–$787.98K
TOTAL UNITS
(Franchised / Co.-Owned)
347/25

12
Roy Rogers Restaurants
Roast beef sandwiches, chicken, burgers
STARTUP COST
$767.3K–$1.6M
TOTAL UNITS
(Franchised / Co.-Owned)
31/21

13
Togo's
Specialty sandwiches, salads, soups, wraps
STARTUP COST
$268K–$501.5K
TOTAL UNITS
(Franchised / Co.-Owned)
204/6

14
Capriotti's Sandwich Shop
Subs
STARTUP COST
$365K–$793.2K
TOTAL UNITS
(Franchised / Co.-Owned)
88/10

15
Erbert & Gerbert's Sandwich Shop
Subs, soups
STARTUP COST
$191K–$397.5K
TOTAL UNITS
(Franchised / Co.-Owned)
92/5

16
Deli Delicious
Sandwiches, salads, sides
STARTUP COST
$122.3K–$467.9K
TOTAL UNITS
(Franchised / Co.-Owned)
51/0

17
Pita Pit
Pita sandwiches and salads
STARTUP COST
$216.4K–$435.1K
TOTAL UNITS
(Franchised / Co.-Owned)
592/13

18
Tubby's Sub Shop
Subs
STARTUP COST
$112.9K–$293.5K
TOTAL UNITS
(Franchised / Co.-Owned)
62/0

19
Mr. Goodcents Franchise Systems
Subs, pastas, meals-to-go
STARTUP COST
$211.4K–$431.8K
TOTAL UNITS
(Franchised / Co.-Owned)
76/2

20
Groucho's Deli
Subs, salads, sauces
STARTUP COST
$99.1K–$401.98K
TOTAL UNITS
(Franchised / Co.-Owned)
33/1

21
Cousins Subs
Hot/cold subs, salads, soups, desserts
STARTUP COST
$182.2K–$632K
TOTAL UNITS
(Franchised / Co.-Owned)
78/18

PHOTOGRAPH COURTESY OF FIREHOUSE SUBS

Sandwiches/Firehouse Subs

THE TREND TOWARD to-go orders versus dining in was a problem for Firehouse Subs, because its signature steamed meats and cheeses didn't travel well. It has solved that challenge by using bagasse containers—made from the fiber mass of sugarcane—which are heat tolerant, microwaveable, and biodegradable. A partnership with UberEATS is also making it easier for guests to enjoy their subs at home, and in keeping with the company's firefighting theme, stores now offer a Rapid Rescue rack where to-go orders can be grabbed.

22
Great Wraps
Hot wrapped sandwiches, cheesesteaks, rice bowls, salads, smoothies

STARTUP COST
$159.5K–$485.5K

TOTAL UNITS
(Franchised / Co.-Owned)
50/1

23
PrimoHoagies Franchising
Italian subs

STARTUP COST
$235.5K–$569.5K

TOTAL UNITS
(Franchised / Co.-Owned)
87/1

24
Earl of Sandwich
Sandwiches, wraps, salads, desserts

STARTUP COST
$336K–$624K

TOTAL UNITS
(Franchised / Co.-Owned)
19/12

25
Cheba Hut Toasted Subs
Toasted sandwiches, salads, snacks

STARTUP COST
$336K–$678K

TOTAL UNITS
(Franchised / Co.-Owned)
13/8

26
Jon Smith Subs
Grilled subs

STARTUP COST
$324K–$632.5K

TOTAL UNITS
(Franchised / Co.-Owned)
11/5

27
Melt Shop
Melted sandwiches, tater tots, salads, shakes

STARTUP COST
$426.9K–$767.4K

TOTAL UNITS
(Franchised / Co.-Owned)
3/8

SMOOTHIES/JUICES

1
Smoothie King
Smoothies, healthful snacks, health products

STARTUP COST
$263.6K–$844.5K

TOTAL UNITS
(Franchised / Co.-Owned)
944/28

2
Tropical Smoothie Cafe
Smoothies, sandwiches, wraps, salads, soups, coffee drinks

STARTUP COST
$222.1K–$569.3K

TOTAL UNITS
(Franchised / Co.-Owned)
737/1

3
Nekter Juice Bar
Juices, smoothies, acai bowls, nondairy ice cream

STARTUP COST
$211.5K–$462.6K

TOTAL UNITS
(Franchised / Co.-Owned)
69/47

4
Jamba Juice
Smoothies, juices, bowls, healthful snacks

STARTUP COST
$238.6K–$504.3K

TOTAL UNITS
(Franchised / Co.-Owned)
849/51

5
Robeks Fresh Juices & Smoothies
Juices, smoothies, bowls

STARTUP COST
$239.8K–$344.5K

TOTAL UNITS
(Franchised / Co.-Owned)
82/0

6
Juice It Up!
Raw and cold-pressed juices, smoothies, acai and pitaya bowls, healthful snacks

STARTUP COST
$227.4K–$399.2K

TOTAL UNITS
(Franchised / Co.-Owned)
85/0

7
Planet Smoothie
Smoothies and snacks

STARTUP COST
$76.2K–$329.3K

TOTAL UNITS
(Franchised / Co.-Owned)
125/0

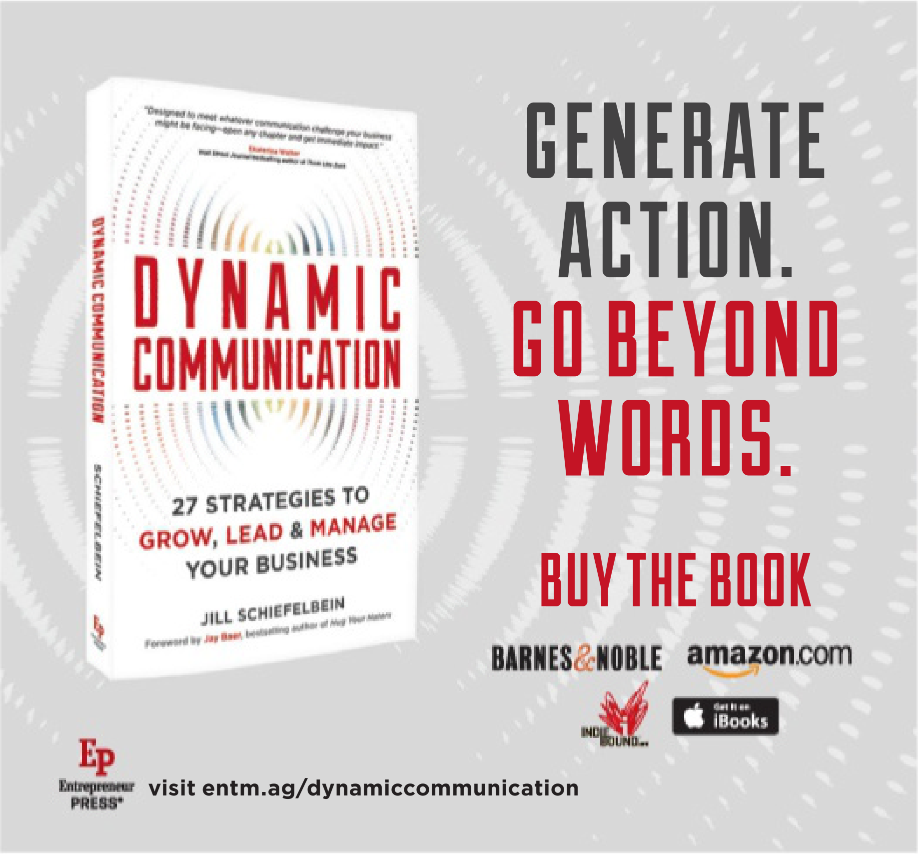
8
Clean Juice
Organic juices, smoothies, acai bowls

STARTUP COST
$254K–$502.5K

TOTAL UNITS
(Franchised / Co.-Owned)
47/7

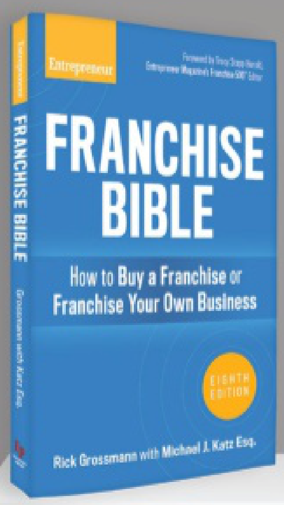
OPPORTUNITY SPOTLIGHT

One of these opportunities could mark the turning point to owning a business of your own, realizing your personal dreams and securing true financial independence. So go ahead, make your first move by considering all that they have to offer in this Opportunity Spotlight. Then make your first call.

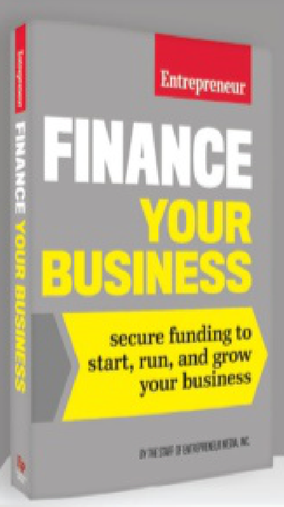


Starting a Business

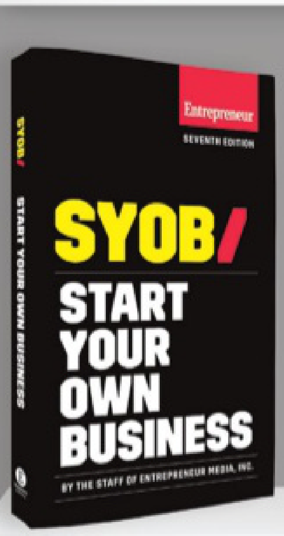
You've got the idea and the passion; now learn what you need to know to hit the ground running



Franchise Bible



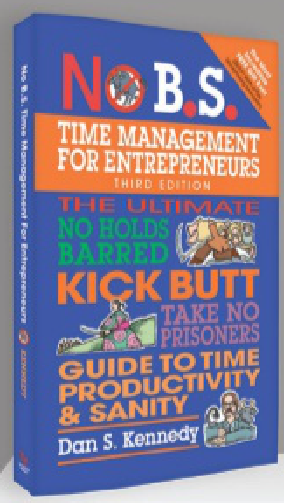
Finance Your Business



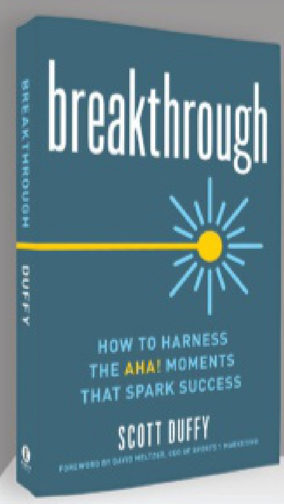
Start Your Own Business

Planning

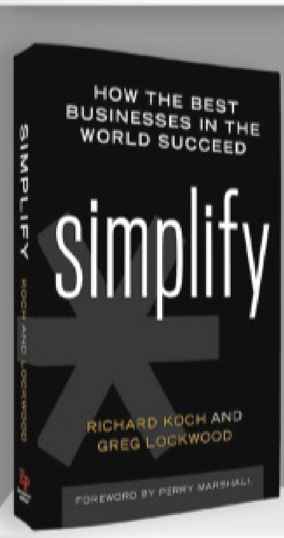
Preparation is key to your success—uncover valuable tools to establish and grow your business



No B.S. Time Management for Entrepreneurs



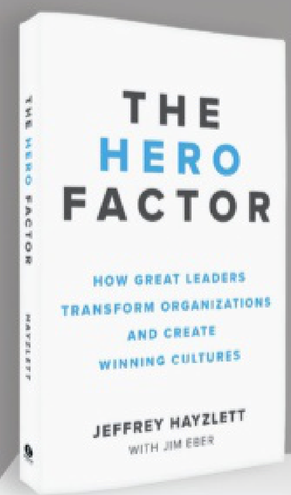
Breakthrough



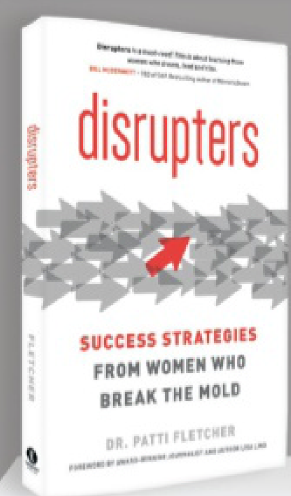
Simplify

Leadership

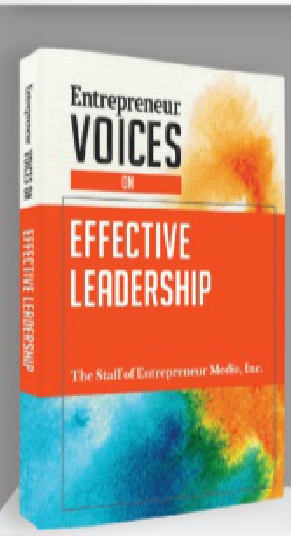
Your success is driven by your ability to lead—discover strategies and techniques to improve your leadership skills



The Hero Factor



Disrupters



Entrepreneur Voices on Effective Leadership

Shelve Under

Whether establishing your operations or spreading the word, no matter what stage

OPENING DAY Farid can still feel his mother's hug that launched him to success.

A Happy Photo for Hard Times

by Tariq Farid, founder, Edible Arrangements, and CEO, Edible Brands

In 1986, when I was 17, I bought a tiny, 600-square-foot flower shop with a loan from a family friend. My mother was my first employee. I would drop her off on my way to high school and come back afterward to run the shop. She'd made it only through the fifth grade in Pakistan, but during those early days, when we would sometimes struggle just to make $100, she was instrumental in teaching me the fundamentals of success.

When I began testing the idea of selling bouquets out of fruit cut into various shapes, people thought I was crazy, and it was impossible to get bank financing. But the first time my mother saw an arrangement, she got it. "That is amazing," she told me. "This is going to be big." So I kept going. In March 1999, I opened the first Edible Arrangements store. It was Easter, and we had 28 orders. We thought we had hit gold. My mother gave me a big hug, and someone snapped a photo.

Business was good. We had $190,000 in sales that first year, and I became obsessed with how we could grow even more. Then my mother sat me down at the table. "You've got to stop chasing the money," she said. "Instead, talk to your customers. People work so hard and give you $30, $40 for flowers they don't need. Go take care of them. Then the money will chase you." And she was right. By 2005, when my mother passed away, we already had many franchises.

Then, in 2008, the economy collapsed. Some of the stores were really struggling. During a really rough patch, I spotted that photo of my mother giving me the hug. Suddenly, memories of those early days came back to me of when we had to make deliveries by bus or bicycle, how a snowstorm would totally derail our business (flowers go bad quickly), and the times we could barely make payroll. It reminded me that we had been through difficult times before, and I realized that if someone hasn't had really rough moments—if they haven't had to correct their path at least two or three times—then they aren't trying hard enough. They aren't taking enough risks.

That kept me going.

Today, Edible Arrangements has more than 1,200 locations worldwide generating more than $500 million in annual sales. I have technology companies, logistics companies, a philanthropic organization. But no matter what, that picture remains on my desk. It helps me stay grounded and keep my eye on the big picture. "Be thankful when times are good *and* when times are tough," my mother would say. "The most important thing is to remember the journey."

WHAT INSPIRES YOU?
Tell us about a story, person, object, or something else that pushes you forward, and we may include it in a future issue. And we may make you photograph or illustrate it, too. Email **INSPIRE@ENTREPRENEUR.COM** with the subject line **"WHAT INSPIRES ME."**

PHOTOGRAPH COURTESY OF TARIQ FARID