Jersey Mike's
PROFILE

Mackenzie Williams

Age: *23*

Profession:
Owner/Operator Jersey Mike's Subs
Rancho Mission Viejo, CA

Hobby:
Being outside, whether it's hiking, running on the beach, or trying new things like golf. Also, love cooking in my free time!

Favorite charitable organization:
Cancer for College

Quote:
"Do what you can, with what you have, where you are." -Theodore Roosevelt

Why I do what I do:
I wake up every day feeling inspired to make any impact I can in my community and to be part of a company that feels like family. It puts a smile on my face knowing that we have an opportunity each day to make even the slightest difference in someone's life when we step foot inside these four walls.

Favorite Sub:
#7 Mike's Way

Profile:
Outgoing, confident, committed, fun!

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Entrepreneur

March 2020 / Entrepreneur.com

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Photograph / ADAM FRIEDBERG


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"What you think is what you say,
What you say is what you do,
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- Brandon Dawson
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Editor's Note/

The Key to Earning Trust

How are you winning a new customer's business? The answer says a lot about *your* business.

AS WE PRODUCED this issue of *Entrepreneur,* an annoying thing happened: I arrived at work to find my office door closed and locked. Blame the overnight cleaning crew? I don't know—but I never lock my door and don't even have a key, so this was a problem. My colleagues valiantly tried to break in, but it turns out that editors make for bad burglars. Ultimately, I had to find a different way to unlock the door…and in the process, I learned an important lesson about unlocking customers' trust, too.

But first, picture it: There's me, standing around like a doofus, locked out of my own office. At a loss for what to do, I went to Yelp, found a bunch of locksmiths, and emailed them to explain the problem and ask for quotes. Four replied quickly.

The first one simply wrote: "Price estimate: $29." Then, 18 minutes later, they followed up with this promise: "I will give best price."

The second wrote: "$125 to open the door. Just need phone number and address."

The third didn't offer a price. "Yes, we can help you," they wrote instead. "Call us to verify your address."

The fourth came from a guy named Jay Sofer, owner of Lockbusters, who wrote me this: "Hi, Jason, thank you for the detail. Would it be possible to send me a quick image of that handle to make certain I give you an accurate quote? Here is my direct email address."

In a matter of minutes, I'd found what feels like a microcosm of business itself. Here we had four competitors. Half competed on price alone. One wanted my business but didn't work for it. And then there was Jay, the *only one* to address me by name, thank me for my time, or ask for more information.

I sent Jay a photo of the lock. He replied, thanked me again, and explained that the project could cost between $99 and $198, depending on whether they needed to replace the lock's core. A few minutes later, he followed up: "Hi, Jason, some bad news. My technician is at our supplier showing them the image of your lock and we cannot replace that core!" Then he described in detail why the job was complicated and could cost up to $300.

That's a full $271 more than the guy who promised the best price. So of course, I said yes to Jay. When he increased his price up front, he also increased my trust. I knew what I was getting. In contrast, I had no idea what I'd get from his competitors—but I was pretty sure it wouldn't be a $29 bill.

Jay's colleague arrived to do the work, and afterward, I talked to Jay about his business. He's no dummy: He knows how his competitors operate. "Prices and communication are usually vague in an effort to overcomplicate the process," which leads to bait-and-switches, he explained. So in 2008, when he turned to entrepreneurship after losing everything in the recession, he saw an obvious path: "The idea I had starting Lockbusters was to position myself as the good guy," he says. *Trust* would be his competitive advantage.

This is smart, but also…isn't it a little crazy? You'd think everyone would do this. How can something so basic—so obvious!—be a competitive advantage? But the truth is, too many businesses treat customers as transactions: They just want to win the business, even if the customer is unhappy as a result. I have theories on why they do this; it could be fear of competition, or just the way they were taught. But ultimately, it comes down to a question of where you find your joy. Are you in business to serve others, or to serve yourself?

Jay knows his answer. "I enjoy helping people and consider it a privilege," he told me. When you think that way, your customer isn't a transaction. It's another person—someone to build a relationship with, even if it's a brief one, and even if it's about something as simple as a lock. Because in any business, in any industry, relationships are what it really comes down to.

So what's the key to unlocking a consumer's trust? It's simple: When you love your work, and you love your customers, you'll do the kinds of things that make people love you back.

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Photograph / NIGEL PARRY

PHOTOGRAPHS COURTESY OF STITCH FIX

Better Business, Better Business World

Stitch Fix CEO **Katrina Lake** is one of just a few female "unicorn" founders. And she has learned to embrace that power.

by STEPHANIE SCHOMER

SPOTLIGHT //Branded Content

4 Creative Ways to Improve Your Note-Taking Skills

While note taking is certainly a skill, it's also a personal artform. Whether you're attending a presentation or brainstorming with colleagues, the quality of information you take away from the experience depends on the notes you're able to jot down without limiting your own participation.

Tailoring your method of taking notes to the way your brain processes information can help you become more organized. Here are a few tips for better note taking:

1. Invest in a high-quality journal.

Everyone's brain is different, but psychologists and neuroscientists tell us that writing notes by hand allows us to process information on a deeper level than typing them. Writing the most important ideas by hand can result in remembering more.

Buying a notebook that you look forward to writing in can help you enjoy the note-taking process more and better organize your thoughts. Invest in a journal with high-quality paper and a layout that makes sense to you—lined pages or blank or gridded ones that give you space for visually creative frameworks and outlines.

The handwritten format also makes it possible to take better notes in more intimate settings. According to the Workplace Productivity Report commissioned by the Paper and Packaging Board, 62 percent of workers believe digital tools make their teams unfocused and inefficient in meetings. Productivity expert Holland Haiis says, "taking a notebook to meetings rather than a phone or laptop helps us actually connect to coworkers and solve problems more rapidly."

2. Use a proven method.

The Cornell method is one of the most effective ways to take notes—valuable from the classroom to the boardroom. To use this type of note taking, divide your page into four sections: a title at the top, a summary at the bottom, and two columns in the center with the left one taking up about 30 percent of the page and the right one taking up about 70 percent.

The column on the right is for all the notes you take throughout the meeting or presentation. Use the left column for questions, comments and hints about the notes in the main column. After you're finished, immediately summarize the information at the bottom of the page. This can help you to remember the key points and makes it easier to return to your notes later.

3. Come prepared.

If you're expecting to take notes during an event or meeting, see if you can obtain the presentation ahead of time. More than 95 percent of workers say they prefer to work with hard copies rather than digital versions of the same information, according to the Workplace Productivity Report.

Printing the slides and taking notes directly on them can help you take more detailed notes with a fraction of the writing. This way, you won't be tempted to duplicate the slides in your notebook and can capture the important points being said and your own moments of inspiration.

4. Don't be afraid to get creative.

Writing notes by hand gives you the ability to play with space on the page in a way that is limited when typing notes.

Many people's brains respond better to visual information, so don't be afraid to sketch quick images or symbols beside your text. You can also experiment with visually organized note-taking methods like mind maps.

Three out of five office workers say they reach for paper when they want to be more productive, according to the Workplace Productivity Report. Take advantage of the power of the pen and a blank page!

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→ MULTITASKING
Lake in 2017—with her son in hand—as she takes Stitch Fix public on the Nasdaq.

Stitch Fix has changed the way consumers shop. The online styling brand launched in 2011, winning over female customers with personalized selections of clothing sent directly to their door. (No more mall visits!) The brand then expanded to men's and kids' clothing and, since going public in 2017, has seen annual revenue approach $2 billion. Meanwhile, founder and CEO Katrina Lake has gone through her own evolution. She's thinking about growth differently—less about speed, more about long-term sustainability—and has learned the importance of keeping her staff updated on all news, even the bad kind. She's aware that as a young female CEO, all eyes are on her, but she's learned to pay it forward to other young founders and embrace her role in the shifting landscape of startup culture. Because with every Stitch Fix win, she knows she's helping create change.

Stitch Fix had a great 2019, increasing revenue 29 percent to $1.6 billion. Since going public in 2017, have you changed the way you approach your goals and efforts to continue improving?
Operating at this scale *and* being public—and feeling like we're competing for dollars and shareholders with all these incredible companies, some of which have been around for decades and decades—has given us a longer-term view of the company. Where do we want to be not just next year, but in 10 years? I see the business now more through the lens that a public market investor looks through. And that's a different mindset—to go from an entrepreneur who'll build and grow something really fast to somebody who's running a company that intends to create value year after year for a long period of time.

Was it difficult to flex that muscle as a founder?
I wouldn't say it was a muscle I even had. I spend a lot of time now reading books that public market investor friends of mine recommended, and really trying to understand how they think.

How much has your network of friends and peers helped guide you through this change?

Honestly, I lean more on our investors—we used to have two or three, and now as a public company, we have thousands. So it's much easier to gather thoughts and feedback about what we're doing, and what we could be doing better.

Can that feel like an overwhelming amount of advice?
It's both a gift and a challenge to have lots of ideas—think about doing a brainstorming session and then all of a sudden you have 50 ideas to execute instead of three. But I've learned to prioritize the ideas that bring the most value, and that's given me the tools to explain those decisions to investors: "This direct-buy initiative will have a huge ROI, and this idea around X or Y might be interesting someday, but we're focusing first on higher-value opportunities."

People love to talk about Stitch Fix's habit of hiring actual rocket scientists to the data team to improve intelligence used to personalize customers' offerings. At this point, how much room for improvement is there?
There's never going to be a sense of *Oh, we solved it!* There's a constant evolution in people's personal style—you might love something today but not next year. That's the challenge. Our predictive models are very strong, but they're not 100 percent. And I don't expect that they ever will be. Our success rates have improved dramatically since 2014, and we have the data to show that. The more we get to know people, the more we understand people.

What do you do when a customer isn't happy?
Eighty-five percent of the time, customers choose to share feedback: *I didn't like this; I just had a sweater in a similar color; these pants are too long.* I've never once filled out a survey to let a company know what I did and did not like about an item of clothing, but our clients do that regularly. That helps us add the human element and serve them better. Sometimes things will be great, sometimes they may not be great, but we're here to listen and help.

You get a lot of attention for being a young female founder in tech. Do those monikers ever get tough to embrace or feel like a burden, or is it something you're happy to lean into?
No matter how I feel about it at any given moment, it is very important for somebody like me to be in a role like I am, and to be visible and show possibility. I know that from my own upbringing: I never thought entrepreneurship was for me, and nobody ever told me as a kindergartner that someday I'd be a CEO. And yes, for a long time I was reluctant to be categorized as a great female CEO—can't I just be a great CEO? But I hope there will be many, many more. When I took the company public, I was the youngest female founder ever to do so, and I hope that title doesn't last long.

> IT IS VERY IMPORTANT FOR SOMEBODY LIKE ME TO BE IN A ROLE LIKE I AM, TO BE VISIBLE AND SHOW POSSIBILITY. I KNOW THAT FROM MY OWN UPBRINGING: NOBODY EVER TOLD ME AS A KINDERGARTNER THAT SOMEDAY I'D BE A CEO."

What was your experience like in the earliest days, as a woman building a brand that would primarily serve women?
Fundraising was really challenging for all kinds of reasons, but mostly because there just aren't enough female investors out there. VCs are the ones who decide what gets funded. They decide which people will become leaders. They decide who our children are going to work for. Those are really, really important decisions being made by a relatively homogeneous group of people. But the good news is, success ignites the capitalist part of a VC—and there are 50 VCs out there who passed on Stitch Fix. So they're now looking at the market and trying to not make that kind of miss again.

Now that you are in a position of power, what are you doing to support founders who might not be getting the attention they're seeking?
I'm generally only able to take one or two non–Stitch Fix meetings a week—I just can't do more given the demands of my day job. But I do this thing on Instagram called Mentoring Mondays, where I post a Q&A and throughout the course of my day find time here and there to answer questions from people who write in. If I have a sit-down meeting with Susie, there's no scale to that, even though we might have talked about something that would be helpful to thousands of people. So doing these sessions on Instagram, it's very scalable, and the info is captured and available to everyone.

Over the past nine years, how have you changed as a leader? The IPO was, of course, a milestone, but what are some other moments that really affected your leadership style?
Teams are built in hard times, and lucky for us, we've had a lot of those. In the early days of the company, there was a time when we were eight weeks away from not making payroll, and I was so stressed-out thinking about the two people on my management team who had mortgages and kids. And I thought, *Should I bring them along and tell them what's going on, or is it too scary for them to know?* But ultimately, I told them, and because they were financially responsible adults—which I wasn't at the time—they were more concerned about the company than how they would personally be impacted. That was a pivotal moment for me.

How has that lesson stuck with you?
It's really helped me bring the team together. I'm not sure if this is the right analogy, but it's like when you only see someone post pretty pictures on Instagram, you kind of know that their life isn't really like that all the time, right? It's the same thing as a leader—if you only stand up and talk to your team about the good things happening at the business, it's just not authentic. And the people in the room know better.

Who Breaks the Tie?

How do cofounders settle disagreements when they have an equal say in the business? Six entrepreneurs share their methods.

1/ Focus on the "yes."
"When we started our business, we discussed our strengths and interests and decided that if we couldn't resolve an issue, I would have 51 percent ownership over the finances and my cofounder, Christiana [Coop], would have 51 percent ownership over design. But we also agreed to discuss our differences in opinion, and for more than 11 years, we haven't had to play our 'ownership card.' Our default is that if we both can't get to yes on something, we pass."
—AIMEE LAGOS, cofounder, Hygge & West

2/ Turn to your team.
"We've built a highly experienced executive team—VP of operations, VP of construction, VP of finance—to help us settle disagreements and differences. They're our tiebreaker. This allows us to spend less time bickering and more time on strategy."
—PAUL ALTERO, cofounder, Bubbakoo's Burritos

3/ Rely on your relationship.
"My husband is my cofounder, which adds another level of complexity we've learned to turn into an advantage: Marriage and parenting require micro problem-solving on the daily, so most of the time, we're in a flow that feels more or less automatic. It's a balancing act of knowing when to lean on the other, and knowing when it's meaningful to stand your ground. Our number one rule? Don't take things personally!"
—JAIME SCHMIDT, cofounder, Schmidt's Naturals

4/ Trust the numbers.
"My cofounder, Michael [Wieder], and I both have strong opinions, so when starting Lalo, we wrote a list clearly defining our roles and responsibilities—and we revisit this list every quarter. It's allowed us to figure out who is the ultimate decision maker if we can't come to an agreement. And whenever possible, we rely heavily on data and let the numbers break the tie."
—GREG DAVIDSON, cofounder and CEO, Lalo

5/ Ditch the emotions.
"We're complementary opposites, a yin-and-yang partnership. While that sounds lovely, in reality it means we approach problem solving from two different angles and have to work together to objectively come to an agreed decision. We try to avoid the 'I'm right, you're wrong' argument. It's important to pause, listen, and communicate from an unemotional place, and—knock on wood—it usually works out."
—BRIAN BORDAINICK, cofounder, Starface

6/ Get loud.
"Leslie [Barron] and I have been business partners for 15 years, and it's true that a business partnership is akin to being in a marriage; you have to make concessions and compromises. So when conflicts arise, we always sit down, listen to each other, and, yes, argue. That's the thing—it's OK to argue and debate so that ultimately, we find out who is more passionate about the issue at hand. Essentially, the loudest bark wins!"
—AMY REED, cofounder, Woofie's

Illustration / PETE RYAN


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CATHIE URUSHIBATA/ Art director
"I lead the creative team, and people think we just do menus or signage, but it's more than that with Shake Shack because we're seen as a lifestyle brand. We'll work on any creative, from T-shirt swag and promo giveaways to social media graphics and billboard signs. I never thought I'd be working on an IPO, creating branding for the certificate for our stock. But those are the types of opportunities here."

MEGAN SCHERER/ Senior supply chain manager
"For the monthly supply-chain department meeting, which usually happens around lunch, one of us is always responsible for the menu. You can either cook it yourself, tell the chefs what you'd like, or cook it alongside the culinary team. A few months ago, a team member and I partnered up to cook a full-blown Puerto Rican–Dominican fusion meal in the test kitchen."

ANOOP PILLARISETTI/ Director of tech products
"Everything is growing so fast around here. The common space really lends itself to hanging out and working together. Every now and then, a tray of Shack-Burgers will show up and we'll all convene around them. That's a huge part of the environment."

MICHAEL REID/ Shift manager
"Because of Shake Shack, I've literally seen the world—for new store openings, I've been to Hong Kong, Shanghai, and the Philippines. It's been phenomenal. Even though they spoke different languages, the Shake Shack language and culture was the same everywhere. That's the best part."

Photograph / ADAM FRIEDBERG

CARREN COSTON/ Director of real estate
"I oversee the U.S. growth of our company-operated Shake Shacks, so I work with our CEO and CDO to create the strategy for where to expand, and then we travel together to find the spaces. Recently, the process has changed a lot. When we were newer, it was more of a gut feel—it was our customers who were telling us where to open next. Now we're using more of a data-driven process to complement our instincts."

DAVE YEARWOOD/ Area director
"I joined the company 11 years ago as a line cook. I served as manager and senior general manager before becoming area director. Starting from the bottom, I got to learn everything, from the perspective of our hourly team to our high-level goals. That's served me well in being able to bring people up as I've moved forward. What's really made me stay is our commitment to employee growth."

MARK ROSATI/ Culinary director
"I've been here for 12 and a half years. When I joined, the menu was somewhat static. Simple. But we realized that that's not a lot of fun. We started to pay attention to what our guests were asking for—and they were asking for bacon. So in 2012, we added the SmokeShack, a cheeseburger with smoked bacon, ShackSauce, and chopped cherry peppers."

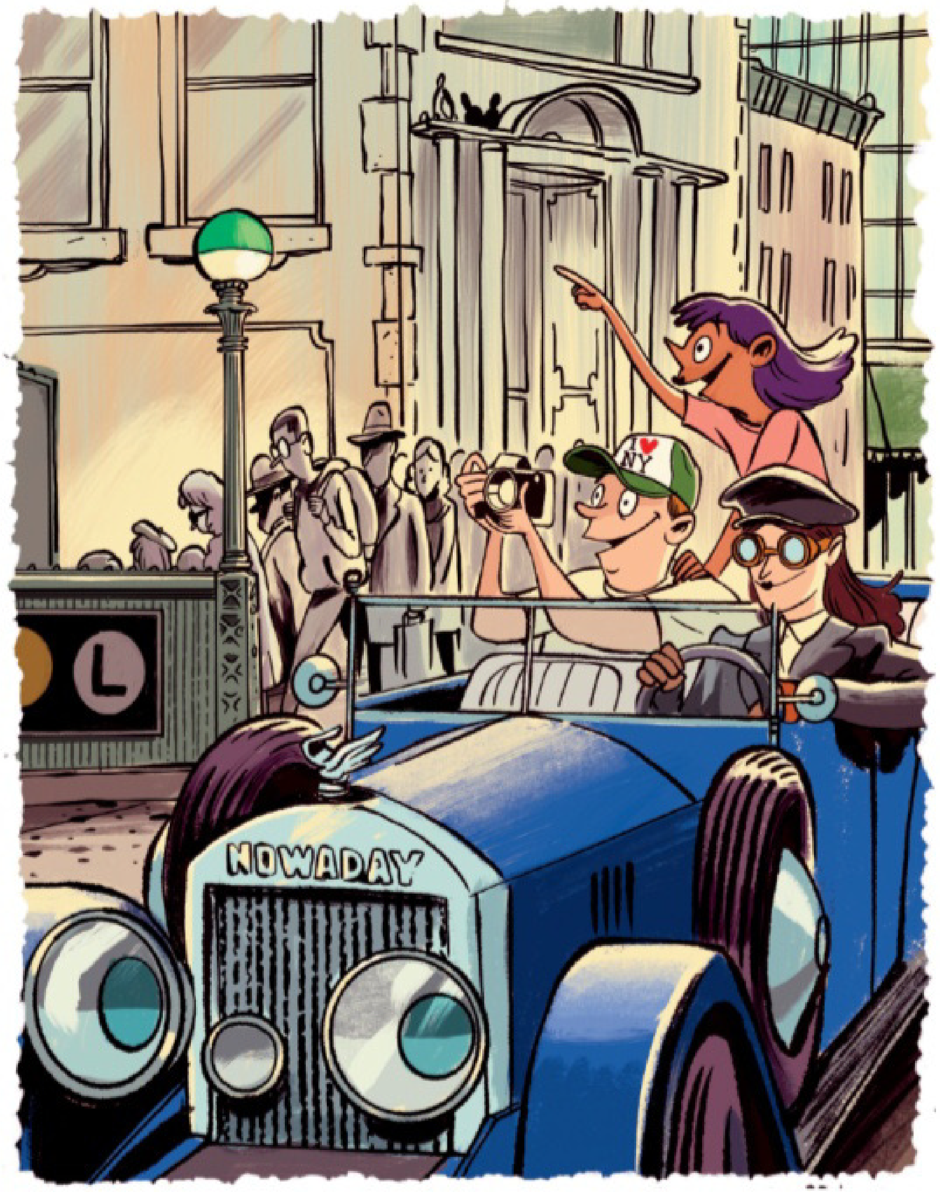
Inside Shake Shack

Interviews by HAYDEN FIELD

IN 2003, as the story goes, New York City restaurateur Danny Meyer scribbled some burger-based ideas on the back of a napkin. That eventually became the inaugural menu for Shake Shack, an outdoor food stand in Manhattan's Madison Square Park. The burger concept has now grown into an $839 million restaurant chain with 281 locations worldwide. The current menu has stayed close to Meyer's original vision (cheeseburger, mushroom burger, crinkle-cut fries) even as new items are conceived of and tested at the company's Innovation Kitchen in New York's West Village. The corporate team works just upstairs, and like the brand, their jobs are constantly evolving: A shift manager was sent to Shanghai and an art director helped out with the brand's IPO. Here's how the team creates success out of such simplicity.

"My First Business Died—and Set Me Up for Success"

My buzzy New York startup was dead on arrival. Here's how I learned to build a new (and far more sustainable) operation. **by JAIME GETTO**



In 2016, New York City made an announcement that locals had been dreading: Starting in 2019, the L train subway tunnel—a major connection between Manhattan and Brooklyn—would shut down for 18 months of repairs. It would be so disruptive that people actually moved to different neighborhoods in order to be closer to a functioning subway line come 2019.

Then, just four months before the shutdown was going to begin, New York's governor sprung a surprise. He announced that the L train wouldn't shut down after all. (The repairs would happen on nights and weekends.) Some people were elated. Others were annoyed. And me? I was shocked…because I'd spent the better part of the past year building a business designed to serve people impacted by this closure.

Suddenly, all my work was destroyed. Or so I thought. I eventually came to learn an important lesson in entrepreneurship: Even when plan A fails, it can set you up for a better plan B.

Back in 2016, I was one of the 200,000 commuters whose routes to work would be disrupted by the subway closure. I wanted to stay in my beloved neighborhood, and I eventually decided to build a solution for people like me. After months of ideating, I had it. My startup, a carpooling service and platform, was called The New L. I assembled a small team, partnered with a fleet of drivers, collected data from nearly 5,000 interested customers, signed corporate contracts, generated interest from large buildings and companies that wanted to subsidize our service for their employees, and got a lot of press coverage.

We were ready to go…until, of course, the city blew up my plans. I was happy for the commuters whose lives wouldn't be disrupted. But now what?

I'd caught the entrepreneurial bug, and I wasn't ready to give up that dream. A coworker from my day job and I started brainstorming new ideas, and we realized we were already partway down a path. My commuting company was dead, but building it had taught me a lot about urban mobility, efficient systems, and destination-based travel. What if we took those lessons and applied them to something people always want—sightseeing!

This is how we developed a company called Nowaday, which launched in New York this past November. Our first offering is a private tour of the city, given in a gorgeous 1920s vintage car.

Tours like this are hard to plan; New York can throw a lot of unexpected things at you. If there's a traffic closure or a parade, Nowaday still has to deliver a 60-minute experience without being stuck in traffic. That was a challenge, one that would require 24-7 monitoring. But here, the experience of The New L served us well. We'd already learned how to coordinate thousands of commuters, so doing it for private tours was much easier.

Within months, we'd developed Nowaday's MVP. We bought our first car, put it on the road in early 2019, and delivered hundreds of rides in beta, collecting instant feedback from customers. Then we went to investors to enable us to build this company the right way. We raised $3.5 million and bought a fleet of 12 vintage cars, working with a team in Detroit that helps with sourcing and restoration.

The rides have been a quick success, but we have much bigger plans for Nowaday. We are more than a touring company; we're an *experience* company. We plan to uncover and narrate every city's most fascinating stories, from food to entertainment, for locals and tourists alike. The logistics of this are tough, but I feel prepared. No matter the challenges, I found a far more sustainable business than The New L ever could have been.

Illustration / ZOHAR LAZAR

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Old Industry, New Idea

To break into a business as crowded as dishware, **Year & Day** founder and CEO Kathryn Duryea had to do three things: Identify a need, serve it obsessively, and make sure everyone knows. **by STEPHANIE SCHOMER**

The tableware industry is enormous and old—a $7 billion space dominated by high-end legacy brands and low-cost plates from the likes of IKEA. Is there room for more? Kathryn Duryea once worked in brand management at Tiffany & Co., where she was part of that old guard, but then she saw a new opening: "We're in a moment of women embracing leadership and entrepreneurship, but there's still a desire to build community at home through entertaining," she says. That led her to create Year & Day, a modern, minimalist tableware brand that has raised $3.5 million in funding and attracted a celebrity clientele, and is growing revenue 40 percent every quarter. Here's how she created a new place at a very crowded table.

PHOTOGRAPH COURTESY OF YEAR & DAY

1/ Spot the opportunity.
Duryea had inherited her mom's beloved dinnerware, but it all shattered during a move. That's when she decided to build her own collection. "It felt like a right-hand-ring moment: I was a woman of a certain professional stature, and I wanted to treat myself," she says. But the marketplace wasn't serving her need. Everything felt outdated, generic, and suited to a lifestyle she couldn't relate to. She—and other women her age—didn't want boring everyday dishes *and* fancy dishes for special occasions only. She wanted tableware for every day and every occasion, and she wanted it to feel like a treat.

2/ Fill in the gaps.
Duryea's background is in branding and business; she worked with nearly every department at Tiffany & Co., and has an MBA from Stanford. She quickly assembled a small team of copywriters and art directors to help build her brand aesthetic, and she designed her ideal product herself. From there, she knew she needed help. "Production was the area where I had zero expertise," she says. "So I networked and networked until a friend connected me with someone who could help me navigate that world."

3/ Defend your vision.
To appeal to her target customer—young, professional, socially minded—she wanted to create an ethical supply chain. She toured nine factories in Europe to find her match, armed with an obsessively detailed pitch deck to convince storied suppliers to work with her. But once she had an agreement, she still had to fight for respect. "Our supplier kept pushing our product back," she says. "My husband and I were overseas for a wedding, and I showed up unannounced at the factory because I was like, *I still haven't seen samples.* That got the process moving."

4/ Invest in experience.
Year & Day would sell direct to consumer, but Duryea wanted to do more than just present a bunch of dishes, glasses, and flatware online. She wanted to help shoppers understand their own needs across multiple categories. "That's why we did not build on Shopify," she says. "We couldn't get that kind of customer-focused functionality." She met with more than 50 web design firms before partnering with one called Dynamo, which helped build, for example, a playful quiz to guide customers to their ideal product combinations, which has been taken more than 100,000 times.

5/ Target ideal influencers.
Ahead of launch, Duryea saw Eva Chen—a fashion exec and personality with 1.3 million Instagram followers—post that one of her life goals was to have matching dinnerware. *When we launch, we're sending this to Eva,* Duryea thought. She did, and Chen unboxed her plates on Instagram, helping Year & Day's visibility skyrocket. "I credit her with breaking the brand," Duryea says. Mandy Moore, Cara and Poppy Delevingne, and others soon followed.

Could You Use an Apprentice?

The old plumber and electrician trainee model has been reimagined for the new world—and could be exactly what a bootstrapped, growing startup needs. by **MAGGIE GINSBERG**

Fiona McDougall never thought she'd hire an apprentice. The practice was common in her native Australia, but as a principal at the marketing company OneWorld Communications in San Francisco, she had no time. Plus, here in the U.S., the concept of it seemed like it was for…electricians? Plumbers? Certainly not her.

But in 2017, she was invited to an unusual roundtable series with other local businesspeople. It was organized by the city of San Francisco to help them develop an apprenticeship program—which is to say, paying a potential employee to work part-time while also providing on-the-job training and education. McDougall came away thinking it could work for her.

"Small businesses have limited resources," she says. "You wear many hats, and we expect people to be specialized but nimble and resourceful." So why *not* train someone specifically for the role? About a year after the roundtables, the city started distributing small grants to help companies hire apprentices. McDougall's firm received one: $2,500 to pay for her time to manage the apprentice, plus tuition for outside training costs. The goal was to fill a digital marketing position.

Stories like this are becoming more common, as businesses of all sizes discover (or, in a way, rediscover) the value of apprenticeships. The conversation is being pushed along by public initiatives, policymakers, commercial education companies, and entrepreneurs themselves, who are now preaching the value of earn-and-learn arrangements. They say it's an affordable way to train employees or upskill existing staff, and that the long-term effect is strong. According to the Department of Labor, every dollar spent on apprenticeships returns $1.47 in increased productivity and innovations.

To understand why apprenticeships suddenly became so popular, look no further than the tech skills gap. There just aren't enough candidates to fill the open jobs in fields like artificial intelligence, cybersecurity, and software development. Currently, more than 500,000 of these "new collar" jobs are unfilled, and analysts predict the number will grow by 20 percent in three years.

As Silicon Valley tech giants wrestled with this problem, some came to the same conclusion: *If we can't hire great employees, we have to create them.* And so, a new interest in apprenticeships was born. Between 2013 and 2018, the number of apprentices in the U.S. increased 42 percent, and the programs to facilitate them more than doubled, according to the Department of Labor.

From there, enthusiasm for the concept

Illustration / VIKTOR KOEN

spilled out into the broader business world. Two years ago in California, then lieutenant governor Gavin Newsom announced a plan to add half a million high-skilled apprenticeships by 2029—a 500 percent increase for the state. And last year, IBM and the Consumer Technology Association (CTA) launched a coalition to scale thousands of these on-the-job tech training positions across the country.

As this has happened, though, many small businesses have asked a reasonable question: How can they afford the time and money to put together a whole education program? This is where a third-party company like OpenClassrooms comes in to connect the dots.

OpenClassrooms was founded in France in 2013, and it works like this: When a company needs apprentices, the OpenClassrooms team finds and vets applicants. Selected candidates then split their time between work and online classes that are project-based and designed for the specific needs of the employers. Each apprentice is also matched to a dedicated mentor for weekly hour-long meetings via videoconference. It's a 12-month program that, according to OpenClassrooms founder Pierre Dubuc, usually ends with the company hiring its apprentices full-time.

In Europe, two-thirds of OpenClassrooms clients are startups and small businesses. After expanding to the U.S. two years ago and becoming part of the CTA coalition, Dubuc says he's committed to serving small businesses here as well. If his program is financially out of reach for some entrepreneurs (it typically costs around $5,000 to $15,000), the government can help with grants that are available from the U.S. Department of Labor. "It's pretty cool, especially for startup companies and small businesses that want to hire one developer or two data analysts," says Dubuc. "They can have access to this program and actually be subsidized to run these apprenticeships."

As companies consider whether to bring on apprentices, many often ask Dubuc the same question: *What if I invest all this time and money training an apprentice, only to have them jump ship when it's done?* That's a possibility, as it is with any employee. But advocates argue that the benefits outweigh the risks.

First, they say, the arrangement cuts both ways. Companies get to fully test out a potential hire for a year, without having to commit to them. And for what it's worth, studies find that the process breeds employee loyalty. One survey in the U.K. of more than 4,000 employers who had used an apprenticeship program found the mean retention rate (of the trainees still working for the company) at 73 percent.

Advocates say that programs like this can level the playing field, giving smaller companies a way to staff up despite all the perks being offered by their larger competitors. "For me, the war for talent has been never-ending, trying to compete against both the shortage of talent and the resources of huge tech giants who also have deeper pockets," says Marty Reaume, a former tech executive at Twilio and Fitbit, who now sits on OpenClassrooms' U.S. advisory board. "But ultimately, some of us are getting future-focused by looking to build and develop our own talent."

And critically, they say, apprenticeships can draw in diverse and unconventional talent. Many of the public-private apprenticeship programs have formed around the goal of increasing diversity in all kinds of higher-skilled jobs—from Apprenticeship 2020, a $3.2 million effort in Chicago, to TechSF Apprenticeship Accelerator, the name of the San Francisco program, which focuses on women and people of color.

Jocelyne Umanzor is one of the women who went through TechSF's program. The 22-year-old says she never would have thought of working in IT. Meanwhile, the Silicon Valley delivery startup Postmates would likely never have found Umanzor in the open market. She went to Skyline College, not MIT, and didn't have the network a place like that often affords.

But through the San Francisco program, Umanzor connected with Postmates and apprenticed there while getting an online education in IT, and then transitioned into a full-time role there. "It's like a big door has opened for me," she says. Postmates is happy, too. "We need people in IT who look like the people they support, and we need people writing the code who look like the end user," says Claire Sands, the company's director of communications and engagement. "That's something that TechSF apprenticeships have really been able to fill for us."

Meanwhile, at OneWorld, Fiona McDougall used her apprenticeship program in a slightly different way: She plucked her office administrator off the front desk and trained the woman to become the digital marketer they needed. "It was a great experience overall," says McDougall. "There's some very resourceful, employable talent in the Bay Area, and this is a way of helping small businesses leverage that talent in a realistic way."

Need to Make a Decision? Ask the Machine

Artificial intelligence can now guide employees' actions at work. But don't take it too seriously...yet. by **HAYDEN FIELD**

It doesn't really need saying, but Conor Sprouls is a human being. His job is to talk to other humans, as a call center representative in MetLife's disability insurance department. And as he began his workday one recent morning, he received exactly the kind of call he's been trained to handle: It was from a human with an anxiety disorder, who needed help understanding their coverage.

But something else—something *not* human—was listening in, too, and it had suggestions for how Sprouls could be a better human. *Be more empathetic*, it told him once (though not in those exact words), through a pop-up on his screen. *You're taking too long to respond*, it said a few other times.

These little nudges are the work of Cogito, a Boston-based artificial intelligence company that also works with Humana, and other major clients. For about two years, MetLife has used Cogito to monitor its call centers. The system sends alerts whenever it thinks a representative could improve their interactions, such as displaying more empathy or increasing their vocal energy. Interactions are tracked and scored, and managers can review to see who on their team may need improvement.

When Cogito rolled out, some MetLife employees were concerned about constant supervisor oversight and notification overload. But Sprouls says the system isn't so bad. "A lot of us look at Cogito as a personal job coach," he says. In the old days, human supervisors would randomly listen to associates' calls—catching particularly easy or challenging ones, but never getting the full picture, Sprouls says. AI hears all. "Cogito is going to give you the end result: who needs to work on what," he says.

Acceptance like this is growing. Entrepreneurs already regularly use AI to process data, automate tasks, and more. But AI is now also entering the smaller parts of our workdays—assisting on calls, helping guide management decisions, and generally becoming a human-style aide.

But how *useful* is this really? That's an open question—as many entrepreneurs may soon find out.

COGITO BEGAN with an observation: When dealing with challenging emotions is your full-time job, burning out is only human.

Josh Feast was thinking that while consult-

PHOTO ILLUSTRATION BY SHUTTERSTOCK/JIRSAK ing for the New Zealand Department of Child, Youth, and Family Services. He saw social workers quit after just a few years and realized why: Big organizations understand data but don't really understand the demands they place on individual people. So, he realized, if he wanted to help people inside large organizations, he needed to present his idea in a language the corporate team could understand.

After taking a course at MIT's Media Lab, he cofounded Cogito in 2007—named for the famous Descartes philosophy *Cogito, ergo sum* ("I think, therefore I am"). The company got a grant from the U.S. military to study soldiers with PTSD, and so Feast and his cofounder began tracking how nurses interacted with their military patients.

"We discovered that if you use the technology to understand the conversation—and to measure the conversational dance between nurse and patient—you could start getting a read of the degree of empathy and compassion they displayed," he says. When he gave nurses a dashboard to see their results in real time, their levels of compassion and empathy went up. It was the aha moment that shaped Cogito's initial product.

That's how Feast joined an industry of similarly minded startups, all of which aim to quantify and guide human interactions.

For example, there's Butterfly, an AI tool that aims to help managers engage with their employees and increase workplace happiness. There's also KangoGift, software that tracks employee job performance and, in an effort to increase recognition and contentment, alerts managers to exceptional work productivity. (KangoGift also flags the small stuff, like employees' birthdays.)

IBM has also been exploring the space with Project Debater, a program it introduced in 2019. It's billed as the first AI system that can debate complex ideas with humans—functioning as a kind of devil's advocate that can raise potential concerns or repercussions to any big decision. For example, a financial analyst might use Debater to think through different projections with a customer, or a CEO could ask Debater to explore the merits of a new HR policy.

It's easy to create fears about tech like this—that it'll become viciously sentient like *Terminator*, or be creepily human like the bot in *Her*. But as technologists look at this new crop of AI office assistants, they see a different problem: It isn't with the technology; it's with the humans.

"AS SOON AS we call the software 'AI,' a lot of people think it's doing more than it is," says Rosalind Picard, founder and director of the Affective Computing Research Group at the MIT Media Lab. Many experts share her concern. If companies misunderstand what the tech can do, they may end up harming their human employees in the process.

For example, back at MetLife, Cogito told call center agent Conor Sprouls that he responded too slowly to his caller. In reality, though, he was searching for documents to help them. Another time, Cogito told a MetLife staffer to stop talking over a customer; in fact, the two had been sharing a laugh. Those may be small stumbles, but they've prompted a lot of conversation about how this data should be used. If a manager sees it out of context and thinks their employee is rude, the consequences could be real. (At MetLife, employees review the data before anyone else sees it.)

Or a problem could appear in reverse. What if an employee is genuinely rude, and a company thinks its AI software can serve as low-cost training? "Empathy doesn't just happen because an AI told you to be more empathetic," warns Rumman Chowdhury, who leads Accenture's Responsible AI initiative. "The creation of any AI that involves 'improving' human beings needs to be designed very thoughtfully, so that human beings are doing the work."

In anticipation of this, IBM is working to standardize and promote what it calls an "AI fact sheet." IBM Research communications manager Chris Sciacca describes it as similar to a nutrition label on a loaf of bread, but in this case, it would explain the algorithm and data sets behind the software. That way, users would appreciate its limitations.

Whatever the case, experts agree that we're a long way from truly, emotionally *intelligent* AI. And Cogito's Josh Feast thinks that's OK. He imagines AI splitting into two distinct workplace categories. There will be software to automate our tasks, and software to augment our own abilities. With the latter, he says, the goal is very grounded: to "extend and reinforce our humanness."

Finding New Customers for an Old Product

Having a successful product or service is a big win. But keeping it top of mind for consumers (and winning new ones) can be a challenge. **by ADAM BORNSTEIN**

Q I have a legacy product that my customers love. How do I keep its promotion fresh in order to drum up new excitement *and* new customers? **—BRAD, GAINESVILLE, FLA.**

BUSINESSES CAN learn a lot about marketing relevancy from Arnold Schwarzenegger. I've worked closely with the bodybuilder turned actor turned governor for nearly 10 years, and I'm continually amazed by the way that, at 72 years old, he can charm a room of aging gym buffs—then post a video on TikTok and have 20 million teenagers laughing.

It's a master class in satisfying the old and intriguing the new. To replicate it, any entrepreneur must understand when to create excitement and when to double down on the familiar.

We're conditioned to believe that new things generate the most interest, excitement, and, as a result, sales. But there's a twist. Stanford University neuroscientist Robert Sapolsky has famously studied when we form our tastes, and he found some useful patterns. In our 20s, we're most into new ideas. As we progress into our 30s, we start to desire familiarity instead of novelty. If you think about it, this makes sense: When we're young, new triggers excitement. As we age, consistency creates comfort. (Just think about the evolution of your taste in music.)

Knowing this alone, of course, isn't enough to help your business succeed. But it is a reminder that understanding your customer can help unlock opportunity.

Much of what makes something cool isn't how long it's been around—it's how effectively it makes people feel. "Reason might reveal why we should believe a certain truth," writes Jason Harris, CEO of creative agency Mekanism, in his book *The Soulful Art of Persuasion*. "But a well-told story does something even better: It transports us to a place where we can see or experience that truth for ourselves."

To keep your company fresh, focus on telling its story and determine how you want that story to spread. You don't need something new to have value; you just need your value to be top of mind.

Consider the following questions: *Why does my company exist? Why is it more relevant today than ever? Who is aware of my story, and how has it changed over time? What part of my story speaks to my current customers, and what part do new customers need to hear? Where is it best for customers to hear these messages?*

You might need some insight to answer those questions. Ask current customers for feedback, and offer rewards for their time and help. Ask new audiences for their time as well, and offer something simple like an Amazon gift card in return. (After all, you first need their *insights*; their business can come later.)

Once you have clarity, you can tackle the hardest part: deciding how, and where, to tell your story.

To engage your current audience—especially if you have a direct line of communication like email—you could encourage *them* to tell your story for you. A referral campaign, for example, can turn them into even stronger advocates and amplify your message.

To reach a new audience, revisit those earlier questions: *Where do they consume information, and how will they be influenced?* Depending on the age and interests of your target audience, consider anything from paid social ads and influencers to podcasts or traditional TV ads.

Just remember, if you and your legacy product are still around, it's a competitive advantage. Don't try to be like the new, flashy companies—most of them will fade. Your promise can be reliability: When customers need you, you'll be there. That trust and security will help you say "Hasta la vista" to the competition.

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

Don't Be A Brand. Be A Voice

Black-ish star **Tracee Ellis Ross** spent 10 years getting a hair care company off the ground. One thing is clear: The message matters as much as the product.

by Liz Brody

Photographs / EMILY SHUR

"THESE SHOES ARE GOING TO KILL ME," Tracee Ellis Ross calls out to the costume designer, as she holds up a pair of Pradas.

Ross and the crew are on the Disney lot in Burbank, Calif., deciding on outfits for the next episode of *Black-ish,* in which she plays the lead. The fitting department is a cramped, cluttered space in one of the soundstages, hemmed in by racks of clothes hung atop each other, bunk-bed-style, almost up to the ceiling—silky blouses, flared pants, dresses, heels, sneakers. (They snagged the Pradas on sale.) Everywhere you look, boards are tacked up with photos of the cast and set, scene breakdowns, press clippings, and sayings like "Behind every successful woman is a tribe of other successful women who have her back."

Michelle Cole, the costume designer, has Ross's back (and front). Rainbow "Bow" Johnson, M.D., the actress's character, rarely wears the same thing twice—except for the shoes, because they're usually out of the shot. Still, Ross is down for the Pradas. "I feel I would suffer for them," she says.

"OK, and you're able to walk?" Cole asks through the muffle of fabric.

"No," says Ross. "I'm not able to walk in them. But I don't really seem to care."

That answer, in a way, is the rallying cry of an entrepreneur: *This may not work—let's do it anyway!* It is also a good summary of Ross's approach to life. Over and over again, she has stepped out without quite knowing how she'll stay upright. Clearly, she's done it in her Golden Globe–winning entertainment career, where she's become known for a comic talent that curls and coils and pongs out of bounds, not unlike her signature galaxy of gravity-defying hair.

But the same attitude has also led her to found and run a new company. It's called Pattern, and it's a line of products that's as much about enhancing women's natural, curly, coily, tight-textured hair as it is about restyling the way the culture sees those women. "Figuring out how to take an idea and pull it up into the atmosphere and into the third dimension? There's just no road map," she says. "I really had no idea how you turn a dream into goop. And I don't mean Gwyneth Paltrow Goop. I mean hair products. Like, how do you do that?"

It took her 10 years. She laughs. Because really, nobody starts out knowing how to do that. You just put on the new shoes and walk.

WE DUCK INTO ROSS'S "RAINBOW" TRAILER. It must be 85 degrees in here. She likes it hot. There's a vague sagy-musky incense she can't identify, which is out of character for a woman who's surgically specific about what she likes and doesn't. At 47—and she will tell you her age within a minute of meeting you—Ross is riding high. She's busting out of her sitcom success, which took flight in 2000 on *Girlfriends* and continues into her sixth season of *Black-ish,* a show that has gained critical acclaim for tackling issues like police brutality and slavery. Later this year, she'll costar in the film *Covers* with Dakota Johnson and provide the lead character's voice in the animated series *Jodie,* an MTV *Daria* spin-off, which Ross is also executive producing—part of venturing behind the camera to take a bigger role in the storytelling. That includes creating and executive producing the series *Mixed-ish,* a *Black-ish* prequel about Rainbow as a young girl, which premiered last fall.

Like Bow, Ross has a white father, Robert Ellis Silberstein, and a black mother, Diana Ross. And for those who don't know, yes, *that* Diana Ross, the icon. "I talk to my mom a lot," she says. "I don't know what we talk about, but we talk a *lot.* If I call her at 5:30, she's usually up. She never not answers the phone for her kids." No doubt, Ross had quite a start. The middle sister of five siblings, she grew up between the States and Europe, and went to college at Brown University, where she discovered acting. Although she had all kinds of dreams, never did she think of becoming an entrepreneur.

"I don't know that I even knew the word or what it meant," she says. "But I feel like my childhood trained me to be a producer and a CEO. My mom is not a woman who sat somewhere and people did things. She is an extremely professional woman who has a sense of agency in her own life and a real work ethic—along with making dinner and waking us up for school and being glamorous, gorgeous, joyful, fun. So it just gave me that example."

Looking back, Ross realizes that her journey to entrepreneurship started young—when she was a teenager doing R&D on herself. She'd quit using relaxers to chemically straighten her hair, but she couldn't find products for wearing it natural. "I literally started buying everything," she says, "to the point that my mother was like, 'Listen here, little girl, your hair products alone are going to break the bank. You need to get either a really good job or a really rich husband if this is going to keep happening.'"

Like so many women with curly or tight-textured hair, she experimented. Beer and Keri lotion worked, but not for long. Deep-conditioning products seemed to help...somewhat. She constantly tinkered in the shower and kept it up into adulthood.

By 2008, she was starring in the last season of *Girlfriends* and still her own hair chemist. One day, she stopped at a beauty supply store on Wilshire Boulevard in L.A., and a guy came out of the salon in the back. "You have no idea," she remembers him saying,

HAIR, NAI'VASHA JOHNSON; MAKEUP, TASHA BROWN




"the amount of women that come in with a picture of you pulled out of a magazine saying they want your hair. If you had hair products, you would be a millionaire.'"

Hmm, she thought, walking out, *could I make hair products? That's so interesting.* Hair might seem like a shallow or purely aesthetic subject, but for black and brown women who wear their hair natural to express their authentic selves, it is a political statement. Ross could talk for days about the connection between her own hair and self-acceptance. But the notion that there was a business opportunity around helping all the other women struggling like her—that never occurred to her until that man dropped the idea.

She started thinking about the marketplace. Only a few products existed for black women's natural hair, and they didn't work for her. There was a void, and a customer base that needed no convincing. "We're going to keep showering—I mean, I hope so," she says. "We could probably stand to use less water—no, not probably, *absolutely*—but washing your hair is not going anywhere. And you don't need to do a con job [on customers]: 'You're so ugly, you need this.' Like, *no!* 'You're gorgeous. Do you want stuff to support your gorgeousness?' That's *it* to me."

Her company of hair products flashed before her.

ONCE *GIRLFRIENDS* FINISHED in 2008, Ross sat at her computer and wrote a hair care brand pitch for curly, coily, and tight-textured hair. The vision was twofold: The company would create great products for this community "but also flip on its head the way we are seen and marketed to, so it's not based on a beauty industry that just doesn't see us," she says. "I say 'the beauty industry,' but honestly, it's the world."

Being willing to define not only a new role for herself but the vision she could bring to the world is the kind of pivotal moment that makes an entrepreneur. But if she now saw herself as a brand builder, the people around her didn't get it. "Why would anybody want hair products from you? You're an actress," someone at an agency she worked with said. Another suggested she make wigs. A third said to just do a hair TV show.

Ross didn't want to pretzel herself into someone else's idea and pressed forward with her own. She tried to launch her line with two large beauty companies (which she won't name), but neither worked out. When JCPenney approached her about a limited edition fashion line, as much as she'd love to design clothes, she thought *no*; it would just be a distraction from her hair care mission. "And then I was like, "Hold on, everybody. Hold on, team. *Hold on!*" she says. "First of all, how much money can I get and how can that fund the hair company? And then, there were so many extremely important opportunities for growth and to learn how I, my brand, whatever you want to call it, translates monetarily, what works, what goes into articulating my taste, point of view, vision into an actual thing."

So she went for it.

At the same time Ross worked on developing the collection, she was also starting to explore her personal narrative in a new way: What exactly *was* she to people? Who did she want to be? Circling those questions was deeply personal, but defining the answers is something every entrepreneur must do for herself. Ross had always seen herself as part of the larger history of black culture: "Our contribution and our ownership over what we create has become invisible because of the way the story is told," she says. So it was time to start telling hers—honestly and, just as important, unapologetically.

She picked her moments. She gave a speech at a *Glamour* Women of the Year Summit in 2017, which she called "My Life Is Mine." Why should she apologize for being single and childless at 45, she asked? And several months later, she started working on a talk, which she'd give at TED in 2018, called "A Woman's Fury Holds Lifetimes of Wisdom." "That fury," she said, "sits deep inside us as we practice our smiles and try to be pleasant." She spoke the words that women thought but didn't say, which is why the videos just added to the millions of followers she'd been gathering on Instagram. Ross was becoming their voice.

And *voice* is indeed monetizable.

"As somebody who comes from the brand space," says Rachel Jonas Gilman, who worked for Juicy Couture, Cole Haan, and Jonathan Adler, and would go on to become managing director of Pattern, "what gets you excited is when somebody is truly authentic. And that's Tracee. It's super rare. But it's extremely important in this day and age, when there's a lot of different brands and noise in the marketplace."

Now it was time for Ross to become louder.

THE JCPENNEY COLLECTION did well, and Ross put the licensing fee she'd gotten into her nascent hair care brand. She hired a seasoned beauty industry expert, who didn't pan out and was pretty disappointing. But in a way, Ross didn't need her, having learned so many lessons herself about retail from doing the fashion line—the detail that goes into a hangtag, how photographer deals must include a budget for retouching, the importance of maintaining creative control (a big one), and, she says, "the shelves!" She needed to line up some shelves.

As Ross continued the push for her company based on sheer conviction, unlike just a few years ago, she now had a voice, a perspective, and some industry savvy. She approached Ulta Beauty about a retail deal, and this time someone got it. "What instantly struck me about Tracee was her passionate advocacy for inclusivity that comes through in everything she does," says CEO Mary Dillon. Dave Kimbell, Ulta's president, was in that meeting, too. Her celebrity was certainly a plus, he says, "but what's unique about Tracee is [her] personal passion and authenticity"—that golden word again—"because she came at it from a place of sharing her own story, and she has a remarkable ability to connect with people. We were confident from day one that she would be successful."

That was a turning point. After locking in an exclusive deal, it was time to turn her old pitch document into squeezable, pumpable, dollopable goop for 3B to 4C hair. (The numbers refer to the size and shape of different curl patterns.) Ross met with several chemists and chose a lab and manufacturer in L.A. so she could work in person with the team. She started with shampoos and conditioners, and tested every formula. As her dream literally started to gel, she also found an operational partner.

"I'll just never forget sitting there and hearing Tracee speak," says Shaun Neff, cofounder of Beach House Group, a company that incubates celebrity-driven brands, including Florence by Mills, created with Millie Bobby Brown, and Shay Mitchell's Béis bags. Neff, too, was sold within the first 15 minutes of meeting. "Because we're on the operator side, we needed to make sure to find a true business partner, not just a celebrity talent who will lend some photo shoots and social media power. So for me it was just like this angel fell out of the sky."

From there, Pattern was fully born. Ross was clear about keeping a majority stake and serving as CEO, and gave Gilman "a huge brand bible" of images, words, and ideas she'd collected. Then the two of them gathered at her house over many evenings, shaping every element of the brand.

One thing they knew: It would have to match the bold and honest voice Ross had defined. For the campaign photo, she decided to pose nude with the tagline "Sometimes it's just all about the hair" circling her head. "I've never taken naked pictures," she says, then, leaning conspiratorially, "I mean by a professional!" She chose a photographer named Micaiah Carter, whom she knew would capture her vision, without a hint of selling sex. "The image felt, honestly, really innocent and beautiful: Like, 'Here I lay one of my deepest, most sacred dreams down before you. Here I lay me bare.'"

"I really had no idea how you turn a dream into goop. And I don't mean Gwyneth Paltrow Goop. I mean hair products."

To get press—and this was a full-on Tracee idea—she invited 20 beauty editors to come watch her take a shower. She wanted them to see firsthand how she washed her hair with Pattern products (for this, she wore a bathing suit). "Looking for a bathroom big enough to fit that many people in New York City is not an easy task!" says Gilman, who several times declared she couldn't pull it off. But Ross insisted. With the help of a real estate person, Gilman finally scored a shower space in Tribeca. On the day of the event, it was extremely hot, and there was no air conditioning. On top of that, the elevator broke, so everyone had to walk up five flights. "It was definitely steamy in there," Gilman says, "but memorable—and it got amazing pickup."

At 6:00 A.M. a few days later, on September 9, Gilman gathered the Pattern team around the table at Beach House Group to eat cereal and watch the site launch.

Within the first minute, they started screaming. Then yelling. High-fiving. Fist-pumping. It went on for hours. They FaceTimed Ross, who was at Disney shooting *Black-ish*. "I kept hearing the numbers and was like, 'I have no idea what they mean. Is this good?'" she says.

It was more than good. By the end of the first day, seven of the 23 SKUs had sold out. By the end of the week, it was up to nine. Then on September 22, Pattern launched at Ulta's 1,200 stores.

As if that weren't enough, on September 24, the show Ross cocreated, *Mixed-ish,* premiered amid an explosion of billboards featuring an illustration of her hair, larger than life, so lush it was bursting with flowers. "I couldn't have planned that, *didn't* plan it," says Ross. "It was just full-on synchronicity. But I believe that when things are in the zeitgeist, they're in the zeitgeist."

ON A RECENT AFTERNOON this year, Ross holds a retreat for Pattern at a hotel in West Los Angeles. The lean team includes three full-time staff and a dozen part-timers she shares with Beach House Group, all but two of them women, and many, women of color. As she continues to build the company, Ross is determined that her team be diverse, not just regarding race but in every way possible—age, background, hair type—because that ensures against "the blind spots each of us inevitably has," she says.

Today is a chance for everyone to get a full dose of Ross and her vision going forward. Since the launch, sales are almost double the initial predictions, according to Neff. On Ulta's end, "we frankly couldn't be happier with the reaction, particularly with the conditioners," says Kimbell. (Ulta declined to share their numbers.) "We see a huge opportunity in continuing to build this brand."

As other startups and larger beauty companies enter the "multicultural" hair category, Neff and Ross are confident that there is plenty of gap for Pattern to thrive in. "Nearly eight in 10 black consumers have chemically free hair and prefer product collections made for their specific texture, hair issues, and styling choices," write the authors of a 2019 Mintel report, which predicts the natural black hair care market will grow 11 percent to nearly $2 billion by 2024. If some brands have started out in this market and then branched out to other demographics, Pattern will only lean in further. "There are so many products for other hair, like, so many," says Ross. "The dreams I have for expanding what we're doing right now—I mean, there's so much to do in *this* market."

That, in fact, is partly what she called the retreat for: The launch was about what you can do in the shower; now she wants to focus on styling products. Ross ultimately dreams of Pattern becoming a full-fledged beauty company—but if there's one lesson she's learned, it's that things take way longer than you think they should, and it's not an indication that you're doing something wrong. Patience and perseverance are as important as anything else.

After a long day at the retreat, the Pattern team sits on the floor in a circle, and someone puts a pillow in the middle that looks like a fire. They pretend to fake-warm their hands and roast s'mores, and everyone lets their wavy, curly, coily, textured hair down.

At one point, they start reminiscing about their most poignant moments since starting on this journey. Ross remembers when it all kicked in for her. "I started trying the samples," she tells me later, "and the team congealed. And I was like, 'Oh my God; this dream is becoming a real thing.' And you could tell that we were trying to fly a plane that we were still building. But we were up in the air." E

Liz Brody is a contributing editor at Entrepreneur.

→ **SEEKING GROWN-UPS**
Kennedy—pictured with her son, Finlay, and daughter, Nuala—built Peanut to help moms like her connect.

Knows Best

When entrepreneurs really listen to their customers, their businesses can transform. That's what **Michelle Kennedy** *learned when building* **Peanut,** *a social networking app that set out to help moms make other mom friends...but has become about so much more.*

by Stephanie Schomer

Michelle Kennedy arrived at lunch, nervous about the conversation she was about to have with her best friend. It was 2016, and Kennedy had just made a big career decision. She was going to leave her job as a tech exec and launch a new app for moms. It was exciting—a new adventure, a massive market, a lot of potential upside.

But the downside was this: Her best friend, BBC journalist Sophie Sulehria, had been struggling for years to have a baby. In fact, at the time, Sulehria had just completed her third failed round of in vitro fertilization, and it was taking a toll on her mental health. Kennedy didn't want to add to the burden.

"It was a very bad time. My husband and I were really suffering," says Sulehria. "When Michelle said she had something to tell me, I thought, *Oh God; she's having another baby!* But she told me about the business, and she was so worried: 'I don't want to be your best friend who's not only got a kid but also has a mum business—I don't want to alienate you.'"

But Sulehria was supportive. She knew the business was a fantastic idea, even though her exclusion from its target audience was killing her. So she asked Kennedy for a favor, as a friend and as a hopeful mom. This would be the earliest feedback Kennedy would receive as an entrepreneur, and although she wouldn't know it yet, it would set the tone for how she would build her business—by listening to, and quickly responding to, the needs of the community it serves.

"I said, 'Promise me one thing: When this app becomes successful, create a piece of it for people like me, a place where women having fertility issues can find support and friendship and discussions and information, because wouldn't that be fantastic?'" Sulehria recalls. "And Michelle literally looked at me that day and said, 'I promise.'"

Today, Kennedy's company is called Peanut, and it has a million users and $9.8 million in funding. But back in 2013, before Peanut was even a twinkle in its founder's eye, Kennedy was a rising star in the dating app world. She was deputy CEO of a European dating network called Badoo, and she also had a role in launching the brand Bumble, which would go on to become one of the industry's major players.

Kennedy's life was changing. Her personal dating days were behind her. She'd just given birth to her son, Finlay, and didn't have many girlfriends with kids in her hometown of London. She wanted to find some like-minded women at a similar stage of life, but all she could find were archaic message boards and Facebook groups.

"The products available to me were all, quite frankly, crap," Kennedy says. "Nothing represented *me* as a mother." At the same time, she was watching a flood of utility-based applications enter the market—new ways to order food or pick up your dry cleaning—and felt that a huge opportunity was being overlooked.

"Women are 50 percent of the population the last time I checked, and motherhood, in some way, will touch everyone's life," she says. "But no one is touching this space?"

She came up with an idea for a networking app for moms and called it Peanut, after her nickname for her baby bump when she was pregnant. But she didn't feel ready to take the leap—until three years later. "There were just signals in the market," she says. "People were starting to talk about motherhood differently because we'd started to talk about womanhood differently, and it just felt like the right time." In 2016, she began ideating in earnest, brought three trusted team members on board, and got to work. ▶

PHOTOGRAPHS COURTESY OF PEANUT APP

Peanut set out to embody the voice of modern, millennial motherhood. The team wanted it to function as a friend—one who understands that being a mom is a big part of a woman's identity, but it's not her *entire* identity. They spent a lot of time defining its voice. Users, for example, would be addressed as "Mama," which tracks in both the United Kingdom and the United States and has a playful edge.

In February 2017, just a few months after she shared her plans with best friend Sulehria, Kennedy brought Peanut into the world, launching in the U.K. and the U.S. A simple beta version allowed women to create a profile, swipe to explore other women's profiles—like on a dating app—and chat.

The reaction was instantaneous. Thanks to some earlier-than-planned press coverage from the *London Evening Standard,* thousands of women flooded the beta offering, and Kennedy had fast validation. But the new users also revealed a vulnerability. Much like with dating apps, where happy couples no longer need the app, women were ditching Peanut once they'd made a new friend. "And why wouldn't they?" Kennedy says. "You don't need to make a new girlfriend every day—and in that case, you maybe don't need to continue using Peanut."

This was a problem in need of solving. And as it turns out, users were already proposing a solution. "A lot of our users were saying, 'Wait; how do I ask *all* the women on here a question? How do I share this article with *all* the women in my neighborhood?'" Kennedy says. "We had always planned to build community-based features, but our users let us know that we'd have to build them a lot quicker than planned."

So the team hustled to launch community-wide message boards (called Peanut Pages) and group chats (Peanut Groups). Kennedy and her team thought they knew exactly how women would use these features; they expected to see chatter around the usual early-motherhood pain points, like getting babies to sleep or working through pregnancy discomfort. But they got something much different.

"Women were sharing about really intimate stuff: relationships, love, sex, work, money, housing, social issues," says Kennedy, whose team kept an eye on developing conversations via a combination of artificial intelligence and human monitoring of message boards. "We had to stop and say, 'Wait a minute. Why are these conversations happening on Peanut?' And it's because they just aren't happening anywhere else—you're not going to post on a local Yahoo message board about postpartum sex or frustrations with your partner. This has to exist in a private network."

While some popular topics did prove to be playful ("boobs and books"), the majority had a more solemn tone—and one in particular was being discussed at a surprisingly high volume.

"So many women were talking about trying and struggling to conceive baby number two," says Kennedy. "Maybe they were going through IVF, or had just suffered a loss, or found they were facing infertility, or had been diagnosed with endometriosis or polycystic ovary syndrome. Whatever it was, there was *so much conversation.*"

Kennedy immediately thought of her best friend, Sulehria. She knew the facts were brutal: One in eight women will be affected by fertility issues, and one in six will experience a miscarriage. She also knew that the emotional burden was vast. "The most poignant thing Soph ever said to me was, 'You know, I could use someone other than you to talk to,'" Kennedy says. "So now here we are with Peanut, and if all these women are talking about their struggles to conceive baby two or three, what about the women who haven't had a baby at all?"

Kennedy planned to serve this audience someday; after all, she'd made a promise to her friend. But she thought it would be a long time from now, and a small part of a much larger pie. Now, by following her users' lead, she realized she had it wrong. She needed to fulfill this promise fast—and the opportunity could be very big.

*"You're not going to **post** on a local Yahoo message board about **postpartum sex** or **frustrations** with your partner. This has to exist in a **private network**."*

Women who struggle with fertility issues have already given their community a name: It's TTC, for "trying to conceive." Across the internet, there's evidence of these women craving connection. Search #TTC on Instagram and you'll find 1.4 million posts; #TTCcommunity has more than half a million posts; #TTCaftermiscarriage has nearly 82,000.

But those makeshift communities, as the Peanut team saw it, weren't working. "These women are making use of existing social networks, but they're not finding a real community," says Hannah Hastings, Peanut's head of growth and brand marketing. "Instagram is a public space. If you choose to have a private profile, discovery is limited. So you're either sharing personal information publicly or cut off. It doesn't solve the need."

Sulehria backed that up. She found no comfort in the major social media networks, and in-person support groups were too far from where she lived. "Plus, the face-to-face thing is so daunting—to walk into a room and say, 'Hi; I'm having this mental health problem,'" she says. "I just wanted something I could look at and engage with while I was lying in bed."

Peanut had identified a problem worth solving, but the team knew it couldn't just create some new message boards called TTC and invite their users in. The psychological struggles facing the TTC community are significant and nuanced, and the internet can quickly become an emotional minefield.

"There are articles and articles out there saying, 'If you're going through [infertility], just get off Facebook,'" says Barbara Collura, president and CEO of Resolve: The National Infertility Association. "Because the moment someone inevitably drops an ultrasound photo on there, it's like…*Oh my God.* Women feel bombarded by this day in, day out. People stop going to the mall, restaurants, family events. So in a digital space, they want to feel safe. Anyone who's trying to be inclusive to an audience of people who are trying to conceive has to be übersensitive."

Keeping these sensitivities in mind, Kennedy decided to shield the TTC community from the rest of the app. Peanut TTC would function almost like a separate platform and have its own onboarding process. That way, TTC users wouldn't accidentally stumble upon conversations from happy new moms (though they could opt in to see everything else if they wanted).

After that, the Peanut team had to dive into the nuances of the TTC world, and they leaned heavily on Sulehria as a guiding voice and gut check. Kennedy also asked Sulehria to connect her with other women who'd been struggling to conceive and may be willing to share their experience. Slowly but surely, a small but mighty focus group helped her build this new product with care.

The team learned, as an example, that there are plenty of tensions *within* the TTC community that Peanut would have to contend with. "A woman who's been trying for five months and a woman who's been trying for five years are in very different positions," Kennedy says. "To put them in one bucket? That's not the experience we want to give users."

Kennedy had started to see evidence of this earlier. On Peanut, where some women had created fertility-related message boards, there was a lot of debate about which posts belonged. "A woman who had become pregnant posted an image of her positive pee stick, which can be really triggering for other women," she says. "We'd get notifications and reports, and we'd also see our users say to each other, 'Hey, maybe you should take it down, or post it somewhere else.'"

So in Peanut TTC, the company created UX solutions for those sensitivities. Blurred filters can be applied to potentially sensitive content (flagged by the creator or other users), and women will have to opt in to see those messages or images. The team developed proprietary artificial intelligence, which monitors group discussions and flags any comments that may not suit the brand's ethos. "If a user is writing a comment and we detect an element of negativity, the app will say, 'Hey, are you sure you don't want to rephrase that? Peanut is a place of supportive conversation,'" explains Hastings.

In November 2019, after nine months in development, the company launched Peanut TTC. The community grew quickly, and user engagement skyrocketed—60 percent above Peanut's typical engagement.

It's a good start, but Kennedy knows there's a lot still left to do. She wants Peanut to expand its sensitivity features, improve how it matches women with relevant groups, and create room for TTC women to celebrate their pregnancies. And, more important, she also wants to keep following this line of thinking—watching how people use her product, and reacting with new solutions. She's already seeing many options: Women are using the app to talk about raising teenagers, fighting chronic health conditions, sex after the age of 50, and more.

"Women have all these different life stages," Kennedy says. "We can be the product that helps you find other women like you at every stage."

Peanut is still in that early stage of a tech company's life, when user growth is prioritized over profit. Which is to say: The app is free to use and makes no money. But Kennedy is building a monetization strategy based on premium products or in-app purchases. Imagine a user paying a small fee for direct access to a respected doctor, or an expert who can quickly and personally respond to a health-related question.

Maybe it's a great idea. Maybe it's not. Maybe women will be interested in using it, but not so interested in paying for it. Either way, Kennedy believes she'll find her answer, so long as she keeps engaging and listening to her users.

To do that, her team is hustling to repeat the success of TTC with other communities. Later in 2020, for example, they'll roll out Peanut Meno, for women approaching and going through menopause.

They also go beyond just monitoring conversations on the app. Peanut formally recruited some of its most engaged users to serve as MVPs—Most Valuable Peanuts. The brand ambassador program rewards some users with a tote bag or a sweatshirt when they share the app with other women. Other MVPs do more structured work, like distribute flyers at local coffee shops or the library, or organize a group meetup. The tasks are paid ("If I'd pay someone else to do the job, why wouldn't I pay my user?" Kennedy says) and selected at the leisure of the user; some women have earned up to $500 in a month.

In Kennedy's eyes, it's a small expense to elevate the insights of Peanut's most tuned-in community members. Her 1,500 current MVPs are, indeed, incredibly valuable. "They're the women creating our product," she says. "We look at the data, listen, engage, and implement. We get feedback, iterate, and do it again. And when we don't get it right, we have 1,500 women ready to tell us how to fix it. And those 1,500 women know, because they have direct access to our *million* women, engaging with them, organically and naturally, day after day."

Kennedy calls this a "constant user feedback loop," and perhaps nobody better embodies that than an MVP named Tricia Bowden. She's a former marketing exec who, in 2017, moved back to New York after spending a year on the West Coast. She had a 1-year-old son and was new to life as a stay-at-home mom, and a lot of the friends she'd returned home to weren't yet mothers. "I googled 'Meeting mom friends' and came across Peanut," Bowden says. She joined, started lining up playdates, and before too long had a reliable network of friends close by.

Her passion for the brand grew fast, and Bowden soon became one of Peanut's most valuable MVPs, and one of the loud voices pushing Peanut to expand to the "Meno" community sooner than later. Kennedy was impressed and gave her a promotion: In January, Bowden started a full-time gig as Peanut's head of strategic growth and partnerships for the New York market, where the company will build out an office later this year.

Bowden's first order of business is to optimize and scale the existing MVP program, rolling it out on a hyperlocal, local, and national level—which is to say, Bowden basically *became* the feedback loop. She's a user who helped shape Peanut, who then joined Peanut, who is now helping Peanut find and attract more people like her, who, of course, will then go on to shape Peanut anew.

Stephanie Schomer is Entrepreneur*'s deputy editor.*

WH

When do you launch? / When do

IT JUST MIGHT BE THE MOST IMPORTANT QUESTION AN

EN?

you act? / When do you change?

ENTREPRENEUR EVER ANSWERS. by JIM McKELVEY / COFOUNDER of SQUARE

I AM AN ENTREPRENEUR, *but I am also a glassblower—* AND EVERY GLASSBLOWER HAS A MENTOR.

In fact, we all have the same one: Lino Tagliapietra. Glassblowing is the only profession I know where everyone agrees on who the best practitioner is. Nobody knows who the best accountant or mortician or loan shark is, but the world's best glassblower is Lino.

Everyone learns from the Maestro, usually by meeting someone who has met someone who has taken one of Lino's classes. Maestro's classes are legendary, right down to an admission process that would impress the Harvard registrar. There was even an essay question, and a collection of T-shirts for sale to salve the pain of rejection. It took me 15 years to earn a place, but I was finally admitted.

Lino's class lasted two weeks, and during that time, each student was allowed to ask Maestro one question. Everyone obsessed over his or her question, and as a result most questions followed the same format: A student would ask Lino how to do something impossible with glass. We would then sit in rapture as Maestro demonstrated how to do it. But when the day came for my question, none of the other students even paid attention to Lino's answer, for my question was so basic that they already knew it. Or so they thought.

I asked the best glassblower in the world how to put a simple foot on a bowl.

You've seen this before. Imagine any kind of glass bowl, and now imagine it resting perfectly atop a small glass base. That's the foot—it keeps the bowl upright. Putting a foot on a bowl is not complicated; the basic technique is taught in every beginner class. By this point in my career, I had performed the process at least a thousand times, but I could never get comfortable with the move. Sometimes it worked, and sometimes it didn't. I had studied different techniques, purchased different tools, but nothing worked consistently. Sometimes the foot would proudly elevate the bowl on top; other times it looked like it had frozen while trying to escape. Every time I needed to apply a foot, I got anxious. So, after 15 years of stress and failure, I used my one question to ask the Maestro how to do this right.

I expected him to answer me as he had the other students, by demonstrating the proper technique, but that is not what Maestro did. Lino told me to make a bowl, which I did promptly. Then he told me to make a foot, which is simply a hot gather of glass taken directly from the furnace and shaped into a tennis-ball-size glob. I made the foot.

He then told me to put the foot on the bowl, but just as I was about to let the hot foot drop onto the colder bowl, he said: *Wait*. I stood there with the bowl in my left hand and the foot in my right until he gave the second half of the lesson: *Now*. I let the now slightly less hot foot fall, and it went on perfectly. This blew my mind.

I was expecting a lesson in *how*, but Lino gave me a lesson in *when*. I already knew how—I had been doing the *how* part right for 15 years. My problem was *when*. If you make a shape out of glass that is too hot, you can make the shape, but the glass will just collapse afterward. If the glass is too cold, however, it becomes too stiff and you cannot make the shape in the first place. It's timing, not technique.

I left the studio that evening thinking about all the other places in my life where I had done the right thing at the wrong time. How many times had I spoken when the other person was not ready to listen? How often had I been too late or too early with the right answer? I saw a cascade of failures over my lifetime resulting from knowing how to do something but ignoring when to do it.

I decided to become a student of *when*. I wasn't in search of some formula for perfect timing—I knew that didn't exist outside glassblowing. Instead, I wanted to learn the patterns that can help us when opportunities arise. And in my study of entrepreneurial companies, several patterns kept reappearing. This is what I want to share with you…now.

SCHOOLS TEACH *HOW*. We learn to copy what works, with the emphasis always on the *how* and not the *when*. In my various academic studies, I learned how to construct complicated mathematical models, but I never learned when presenting such a model was inappropriate. I learned to reason logically, but I never learned when logic might offend someone. I learned contract law, but I never learned when to just shake hands.

It is difficult to fault our schools for emphasizing *how*, since it is difficult to study *when*. Determining how to perform a task means repeating the steps over and over until you achieve a successful result. Once we learn how to do something, the formal learning usually stops. We then learn how to do the next thing.

But timing *does* matter. So how do we approach it? Instead of trying to see time as an overwhelmingly infinite set of temporal options, I find it easier to just ask, "When should we begin?" There are really only two answers to this question: *now* and *later*. Now is often the right answer. In this world of highly similar products, speed is a huge advantage. If you create innovation first, economics tells us that you can profit from it only until your competitors copy you. And there is good reason to believe that you won't have much time. The history of simultaneous innovation also suggests that someone else has had the same idea, so, again, the reward goes to the first mover.

In fact, *now* is so often the right answer that many successful people default to it. They always want to be first. But sometimes, it really is better to wait.

IF YOU ARE RACING through the streets of Europe, the type of race matters. Formula 1 drivers in Monaco wind through streets so narrow that there are very few opportunities to pass. The car in the pole position usually wins the race. But in a bicycle race through those same streets, the leader will often become exhausted before the race is finished, handing victory to those who waited patiently in the slipstream.

In the world of entrepreneurship, being first is not always best. This is because innovations build on each other. I call it the "innovation stack": One innovation makes another innovation possible, which makes yet another innovation possible. Innovation stacks are at the core of world-changing businesses; they are the result of entrepreneurs who solve the right problem at the right time by building upon what's already possible. This means that, when a critical element of your company is outside your control, waiting can be the best option. It's possible to launch too early.

Do you recall the first social network? Wrong—it was GeoCities back in 1995. Friendster came next in 2002 and did better. Then Myspace elbowed out Friendster beginning in 2003. Finally, Facebook took over. Why are we not all connecting with each other over Geo chat? Part of the answer is that GeoCities, Friendster, and Myspace all launched before mobile computing was commonplace. Without always-on access to the system, as well as a camera in everybody's pocket, the appeal of a social network is diminished.

Should we fault GeoCities, Friendster, and Myspace for not anticipating the looming ubiquity of mobile devices? Each of those companies was OK for its time, but Facebook's timing was fantastic. Facebook had a dozen components of its innovation stack ready when mobile exploded, and then it quickly purchased Instagram when Instagram was beating it in mobile.

You can be too early. Quick, name the 18th search engine company. (Ahem—you might want to google that.)

So, what then? If you are purposely waiting for the right moment to move, is there anything to do in the meantime? Yes. The decision to wait implies that at some future time you will have to move, so you still have plenty to do. You work on all the other elements of your innovation stack—everything else that *you're* creating—so that when the final element exists, everything else is ready to go.

For example, consider what happened at my company, Square. We began in 2009 by developing mobile card readers—those small devices you can plug into a phone or tablet and then swipe a credit card through. But at the time, Visa and Mastercard had rules specifically prohibiting the kind of technology we were creating. We spent a year trying to convince them to change their rules—and while that happened, we worked on other elements of our innovation stack, with the hope that the last piece would eventually happen. It was a gamble, but when Visa and Mastercard finally agreed to change their rules, the rest of our stack was ready to go, and the gamble paid off.

Waiting for one element should not impede all the others. This is risky, of course—but most of the entrepreneurs I studied took this same type of risk, even if it made them uncomfortable.

NOW LET'S TALK about moving *now*.

How does *now* feel? Well, in my case, I get nervous. Toward the end of my first year at Square, I was actually having "mild" panic attacks about all our unresolved issues. I remember pulling off the road one day and running into a pharmacy and getting a bottle of aspirin to fight the heart attack I was sure I was having. But this was good, in a crazy way. Here's why: *Right feels early.*

If the timing feels right, you are probably too late. That's because we, as people, move in herds. If the innovation feels right to you, it probably feels right to a hundred other people with the same idea. If it feels too early, in my experience, that's a good time to leave the walled city. There is no way to know when the unknown is arriving, but it will probably arrive sooner than you think.

There's a secondary benefit: When you act now, you can actually *create* change—sometimes supplying whatever the missing element is in your business. In other words, leaping can cause you to grow wings.

In Square's case, let's return to the permission we needed from the card networks. We built a system that violated their rules...but had we not already built the system, Mastercard and Visa probably never would have bothered to rewrite their rules to accommodate us. Our system gave them something to aim for. Once Mastercard (and then Visa) agreed to revise its regulations, the tone of our conversations was basically "Square is cool, so how do we make it compliant?"

Southwest Airlines has a similar story. It created the low-cost-airline model, but it did so in an era in the 1970s when the federal government regulated airline prices. It could have waited for the laws to change, but it chose not to. Instead, it proved itself as best it could; it operated only in Texas, which, because it wasn't crossing state lines, meant it wasn't subject to federal laws. Soon people took notice of its demonstrably better price, speed, and service—including Massachusetts senator Ted Kennedy, who led the fight to deregulate the industry. By moving before the country was ready, Southwest created the environment in which the country *could* be ready.

At that point, the big question was: Is Southwest ready to take full advantage? And the answer was yes—it was more prepared than all of its competition.

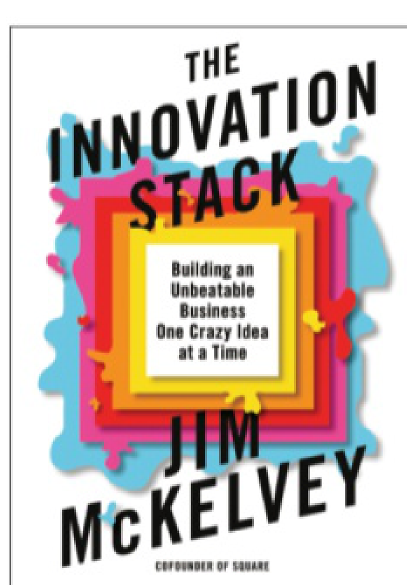
This is an important part of timing. You have to be ready when the missing elements suddenly appear. I have seen the following pattern in dozens of entrepreneurial companies: Their innovation stack begins to function, and then the world suddenly changes; but because their company is still evolving, they can quickly capitalize on this new world order before any other firm can adapt to the new ecosystem.

At the time of deregulation in 1978, Southwest Airlines had already been flying passengers around for seven years as a small regional airline. But because of its earlier battles with the airlines and regulators, Southwest's flights, planes, finances, pricing, staff, pilots, passengers, and a dozen other blocks in its innovation stack were ready before deregulation hit. When the change came, Southwest was already in the air doing 500 knots, the only company prepared for a world where leanness and low cost would win the day. It had happy customers, lower fares, better punctuality, better safety within Texas, and a culture that was accustomed to adapting quickly. Now it just had to scale everything up.

***WHEN* IS NOT A SCIENCE.** Not even the world's best econometrician knows exactly when to make a move. Experience helps, but by definition it is impossible to have experience for anything that is truly new.

I find, however, that simply being aware of the temporal components makes my enterprises more nimble. I race to be ready early. But as soon as I feel ready, a voice in my head asks, *Is the world also ready?*

If the world is ready, then creating an innovation stack comes with a responsibility to create a market for as many new customers as possible. You are rewarded with a massive market that is nearly impossible for competitors to steal, so long as you can grow fast enough. This is fun, stressful, and necessary work. Your time indeed has come. E



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➔ *Adapted from* The Innovation Stack: Building an Unbeatable Business One Crazy Idea at a Time, *by Jim McKelvey, to be published March 10 by Portfolio, an imprint of Penguin Publishing Group, a division of Penguin Random House, LLC. Copyright © 2020 by Jim McKelvey.*

Green/

Entrepreneurial Insights from the Cannabis Industry

PHOTOGRAPH BY SULLIVAN PRODUCTIONS

The Pitchman's New Pitch

Celebrity salesman **Anthony Sullivan,** known for his OxiClean commercials, bought a hemp farm and launched a CBD brand. Why? Because to succeed, he says, you must be authentic. **by JASON FEIFER**

→ GREEN ACRES
Sullivan and Christian take a stroll through their 116-acre organic hemp farm in Vermont. "CBD is coming," Sullivan says.

Anthony Sullivan is usually on TV pitching OxiClean, the line of cleaning products he's become famous for. (His marketing company produces its commercials, which he also stars in.) But now he's also pitching his own CBD brand, and he wants people to know he's all in. "It would have been easy for me to just white-label some CBD," he says, "but I didn't feel that was enough." He discovered the space because of his 9-year-old daughter, Devon, who has a rare genetic disorder and uses CBD to manage her symptoms. Then he teamed up with a friend, Dave Christian, to buy a 116-acre organic hemp farm in Vermont and hired a film crew to chronicle their struggles as novice farmers. The final result: Their brand, MontKush, is available as of last month, and a show called *Kings of Kush* debuts later this summer. Here, Sullivan and Christian talk about the benefits of doing things the hard way—and yes, they even filmed their *Entrepreneur* interview, which will appear on their show.

PHOTOGRAPH BY JOHN CHAPPLE

Why take this leap?

SULLIVAN: I had a very clear vision when I started my production company 20 years ago: *I'm going to make short-form commercials that move the needle and sell products.* And now, with the advent of cellphones and mass media, the barrier to entry into production is lowered. It doesn't excite me as much. I don't want to compete with people making cat videos and 6-year-olds opening boxes.

That's not to say that I lost excitement for the brands I was working on. I love OxiClean. But I think deep down, I was looking for something. That entrepreneurial spirit was like, *I've got to do something. I need to get out of my comfort zone.*

That sounds like the dividing line between entrepreneurs and non-entrepreneurs. You recognize the need for change—and instead of being afraid of it, you're excited by it.

SULLIVAN: Yeah. And I was seeing this Green Rush and thinking, *This looks exciting. It looks dangerous. It's got all the elements. But if I jump into the cannabis space, people are going to say, "Here he goes—OxiClean Guy is seeing an opportunity and he's taken it."* So I thought, *I'm going to have to get in the trenches.*

You were seeing your advantage as a disadvantage. You could have just leveraged your celebrity, but you thought if you did that, people wouldn't take it seriously.

SULLIVAN: Right. And for the first six months, I operated under the radar. I didn't want anyone to know. Because of course, being the face of a brand like OxiClean, my fan base are moms and kids. One of my biggest fears was, like, *How are the guys at OxiClean going to interpret this?*

How did the conversation finally go with OxiClean?

SULLIVAN: Once we had the 75,000 plants in the ground, I felt like the train had left the station. So I invited a couple of people from the brand up to take a look. And they're smart enough to realize that CBD is coming. There's a wellness component to this that you can't ignore. I think there was a little worry, like, *Are you going to be able to do both?* But I've been able to continue my marketing-and-production company, and also really go two feet first with MontKush.

You guys have been longtime friends, but has this project challenged your partnership?

CHRISTIAN: I think our friendship has only gotten stronger this year. I mean, we talk more than I talk to my wife. You really have to get along with somebody to have that much interaction. I listen to him, he listens to me, so it's not like there's a lot of convincing that has to happen.

SULLIVAN: One day, we were running into rocks. There's a massive amount of rock on our land; we'd broken every piece of equipment we had. I called Dave up and he says, "I'm at the John Deere dealership. I'm looking at a tractor." How much? He goes, "Ninety-five grand." I'm like, "How much is it normally?" It's $126,000—no one wants it; it's too big. I said we should buy it. He says, "I already did."

That was a time when I felt like there's great trust between us. I think some partners will never have that; you spend two weeks talking about it, and then the opportunity's closed.

Let's talk marketing. How do you approach the crowded CBD space?

SULLIVAN: I'll let Dave talk about distinguishing ourselves.

CHRISTIAN: The marketing guru turns it over to me! Well, I think Sully made a brilliant choice in starting with the farm, and intimately understanding the plant and what it takes to raise a seedling to full harvest. We can speak from a place of authenticity that very few people can.

And we have a compelling message, having the first customer be his daughter, and other friends and family. This is the only business I've ever been in that people have thanked me for being in business. They're like, "My wife struggles with nausea, and she's been smoking marijuana to get through the day, and she hates being high all day—so man, CBD changed our lives."

It sounds like what you're saying is: Earnestness is a big part of your appeal.

SULLIVAN: I remember when I was up in Vermont the first time, and everywhere I looked, I saw a TV show. I vowed never to do a reality show again after I lost Billy Mays. [Sullivan and Mays starred in the Discovery series *PitchMen* until Mays' death.] But here I was thinking, *If we can capture this moment in time, we have all the makings of a phenomenal story. We've got fish out of water. Two of us have never farmed before. We've put it all on the line—superhigh stakes.*

So I made some phone calls, and we were filming with a skeleton crew, and we got into harvest and Dave and I were like, "We have to turn this into a full-tilt Hollywood crew." I think it's going to give us a competitive advantage. Not only are we going to be able to tell the story of our farm, but we'll tell the story of an entire journey.

To compete in this industry, do you think others will need to start ground-up like you?

CHRISTIAN: Everybody doesn't have to do what we did. We felt it was the right formula for us, because neither one of us are potheads. We didn't understand the plant. So we wanted to have the farm as some validation, and as an anchor, and to get an education. I would say to any entrepreneurs looking to get into a new business: At some point, you have to educate yourself as deeply as possible.

SULLIVAN: And just because it's cannabis, and just because it's exciting, and just because it's all over the financial news—this is still something to be taken with a healthy dose of respect. I think it makes it harder because there is a rush. There's a lot of hype. There's a lot of misinformation. This is a space where people need to do even more research than normal.

"JUST BECAUSE IT'S CANNABIS, AND JUST BECAUSE IT'S EXCITING, AND JUST BECAUSE IT'S ALL OVER THE FINANCIAL NEWS—THIS IS STILL SOMETHING TO BE TAKEN WITH A HEALTHY DOSE OF RESPECT."

NO DABS ALLOWED Warning signs against public consumption of marijuana posted around Brookline Village, Brookline, Mass.

"Not in My Neighborhood"

Sometimes a community just isn't ready to welcome a strange new business. Here's how dispensaries have managed to quell (or be defeated by) local objections. by **MARK HAY**

On October 25, 2018, some 120 concerned citizens in Brookline, Mass., took to the streets, waving placards and chanting slogans, to protest a development they believed would imperil the local children and businesses: a retail cannabis shop.

The protesters soon organized themselves into Save St. Mary's Neighborhood, a powerful coalition that collected more than 1,200 letters opposing the proposed store. They argued that the dispensary would bring in too much traffic, clogging streets and changing the character of the neighborhood. They argued that it would be a bad influence in a family-minded area, with at least 13 nearby youth-oriented institutions. They argued that the store would be, by their analyses, in slight violation of several zoning ordinances. They even argued that retail cannabis is so new, opening up a shop would be akin to subjecting locals to "a big experiment."

These kinds of arguments are not unique to pot. Other controversial businesses also face community pushback—from bars to discount stores. Why? Some residents are concerned that these outlets will attract crime and other undesirable elements to their neighborhood. Others fear the impact they will have on the value of their homes.

With cannabis, there's a particularly stark disconnect between people's attitudes and openness. The Pew Research Center found that while around 90 percent of Americans support legalizing medical marijuana, nearly half said they'd be

PHOTOGRAPHS BY GETTY IMAGES/BOSTON GLOBE

EXPANDING YOUR BUSINESS?

Why Canna River is Growing On Their Terms

Since launching in October 2019, Canna River has expanded quickly. The CBD brand started with a collection of broad spectrum tinctures made with organic MCT oil and CBD sourced from USA-grown hemp. They had one goal: Offer premium, high potency tinctures at the lowest prices possible. In just a few short months, their brand has expanded to include topicals, premium flower, full spectrum tinctures, and more.

"Wellness isn't just one thing, is it? A holistic approach to feeling good means looking at the whole person, inside and out," said Canna River Co-Founder Grant Boatman. "Some people think you should do one or two products well before expanding. In this case, we felt it made sense to offer new products as soon as possible, so people can add CBD to their lifestyles in different ways. The demand is there."

Expanding the brand without compromising their primary goal has been a central focus, even as they dabble in products with more involved manufacturing. The brand's new balms use natural extracts to heat and cool on contact, such as cinnamon and ginger in the Warming Therapy Balm and peppermint and eucalyptus in the Cooling Recovery Balm. Both cost $35 and are infused with 1000 mg of broad spectrum hemp extract.

Their CBD Body Lotion, in particular, stands out. It is reminiscent of lux brands like Aesop, Grown Alchemist and Le Labo in quality and ingredients, yet Canna River costs much less at $45 per bottle (and those brands do not contain CBD). Meanwhile, popular premium CBD brands are charging more for body lotions with only 100 mg of CBD. Canna River's has 1000 mg. In short, they are delivering more in both markets for less. "Set a priority and don't deviate from it, whatever that may be for your business," said Boatman. "For us, it's keeping quality affordable. We refuse to inflate our prices. We'd rather have lower margins."

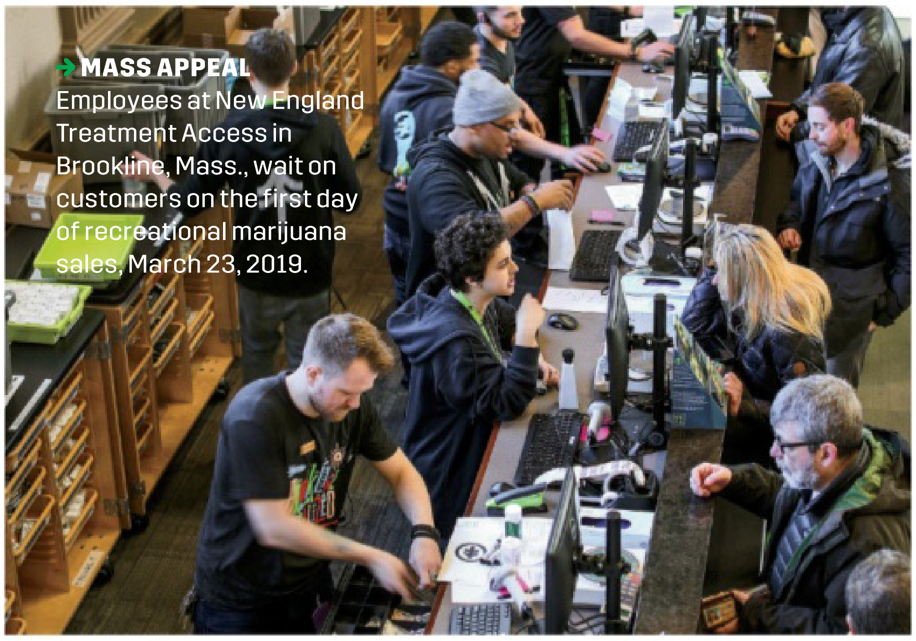
Redefining Hemp Wellness in More Ways Than One

Their goal was perhaps easier with fewer SKUs and ingredients. When Canna River launched with broad spectrum tinctures for humans and pets, they simply had CBD, organic MCT oil and flavoring to deal with. How does one stay the course with a more diverse shop? "It's definitely a bigger gamble, because more involved products cost more out the gate. You need more capital and steady nerves. But people use CBD in different ways, and if they like one of your products, they're more likely to try the rest," said Boatman. "You just have to deliver consistently and get the word out there. Keep going."

Timing is also a variable, as the brand now offers Premium Hemp Flower, a product with a shorter shelf life. "Flower can dry up or go bad pretty fast. There is a bigger rush in selling it, and a greater risk of losing money," said Canna River Co-Founder Richard Clancy. "But smoking has always been a popular way to consume cannabis of any kind. Our motto is Hemp Wellness Redefined. Wellness doesn't just mean being healthy. Wellness also means feeling good. If smoking hemp flower helps someone feel their best or destress, we want to give them that option." They currently carry Sweet Wife, Special Sauce, CBDawg and Super Haze hemp strains in seven gram jars for $25.

Despite all the new SKUs, including gel capsules (starting at $55), tinctures are still their centerpiece. As such, they have expanded into full spectrum varieties for those looking for a greater entourage effect. While many brands claim "high strength" and top out at 1000 mg, Canna River tinctures start at 1000 mg. Remarkably, they only cost $35—whether broad or full spectrum. The 2500 mg tinctures sell for $65, and 5000 mg sell for $100. In fact, every item in their store costs $100 or less, with the majority of items listed under $50. "Keeping premium CBD affordable is key," said Boatman. "If we can give access to even one more person who otherwise couldn't afford it, that's success."

All items are available at CannaRiver.com. Interested in growing with Canna River? They offer wholesale pricing for retailers. Contact them at sales@cannariver.com for more information.



→ MASS APPEAL Employees at New England Treatment Access in Brookline, Mass., wait on customers on the first day of recreational marijuana sales, March 23, 2019.

concerned about a dispensary opening in their area.

That's exactly what happened to Ascend, the Brookline dispensary. The city voted 60 percent in favor of legalizing recreational cannabis in 2016. As one local resident explained it to reporters, "I'm a libertarian, and I think if you want to smoke pot, have a blast." Yet when faced with the prospect of a dispensary opening in her backyard, she hedged: "But not here."

Ascend eventually gave up. But dispensaries *have* opened in hostile neighborhoods all over the country, and continue to do so—and their successes offer a blueprint for anyone, in any industry, who faces pushback from skeptical neighbors. Here's what they've learned.

1/ Become a neighbor.
Brendan McKee, co-owner of Silver Therapeutics in Williamstown, one of the first stand-alone recreational retailers in Massachusetts, stresses the importance of taking time—years, even—getting to know an area's concerns and contours before you begin. That doesn't mean just reading up on the place. It means "boots on the ground, spending time in the community, introducing [yourself] to people," explains McKee.

The Ascend team, for example, hosted community meetings in Brookline, but that was part of a licensing application process. Doing only what's required of you won't convince most skeptics that you actually care about local concerns and want to become a constructive part of the neighborhood. From the very conception of a store, McKee suggests attending community board meetings, town halls, and other local public events, and introducing yourself in front of the room.

→ ONE LOCAL RESIDENT EXPLAINED, "I'M A LIBERTARIAN, AND I THINK IF YOU WANT TO SMOKE POT, HAVE A BLAST." YET WHEN FACED WITH A DISPENSARY OPENING IN HER BACKYARD, SHE HEDGED: "BUT NOT HERE."

Stick around and meet people, tell them about your business plans, and gather candid feedback. Find out who the prominent local activists, organizers, and businesspeople are, and reach out to them directly to find times to talk shop.

When McKee launched his store, he started on safe ground: He and his associates all either live or had once lived in the town they were opening the store in. That gave some comfort to the locals. But their future outpost, in Boston, required even more work. "We've already done two community meetings with the local neighbors' association," he says—something that wasn't mandatory but that his team thought would be helpful. They found many skeptical residents, who saw the dispensary as a company that wouldn't respect their needs or care about them. That, McKee says, is why it's so important to humanize your business.

2/ Bring something to the table.
Many locals ideally want a new business to enrich the neighborhood, not just the proprietors. Their reactions are personal—which is why they aren't moved by basic statements of fact, like an entrepreneur saying that the business is technically, legally, allowed to be there. This is why some municipalities, including many in Massachusetts that have been debating new dispensaries, will demand that a new business somehow contribute to the community—say, by paying extra fees or donating to a local charity.

McKee suggests heading off such demands by coming to the table with your own solid plan for how you'll benefit the area. (If you've listened well, you should have some idea of what will make residents happy.) He did that with his upcoming Boston store, by telling residents that Silver Therapeutics will "build in a very cool nonprofit component, where we'll teach local people how to cultivate and sell cannabis." The idea, he says, is to get neighbors involved in the industry themselves, giving them skills to make money in it, so they don't feel as though hostile invaders are creeping into their orbit.

3/ Don't judge.
In Brookline, home of the St. Mary's protests, there *is* one cannabis store that managed to open: It's called New England Treatment Access. The key to how it did that, says Amanda Rositano, president of the dispensary chain, is the philosophy of taking residents' concerns seriously "even if you might think that they're a little overblown." Rather than immediately flashing studies in their faces to show they're wrong, she says, let skeptics tell you what would make *them* feel heard and secure. From there, you can respond with plans and expert testimony that expressly answer their asks.

This process may not win over everyone with doubts about a controversial business coming to town, says Rositano. And it can be incredibly time-consuming, acknowledges McKee. But when done right, it will hopefully convince a critical mass of people that you are responsive, competent, and genuine. And onetime critics may even come to your defense, McKee says. He can recall several times when a local stood up in a community meeting to quell concerns raised by other members—and did it better than the Silver Therapeutics team ever could have done alone. That's when you know you're about to become a neighbor.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Can the Black Market Be Stopped?

The biggest threat to marijuana startups isn't coming from the legal competition. It's coming from the illegal market, which thrives even in states that have legalized weed. To extinguish the threat, licensed dealers might have to work together. **by CLINT CARTER**

PHOTOGRAPH BY JUSTIN MCIVOR

One morning last August, Jonathan Doneson woke up with a cough that shot straight through his rib cage. "It was like I'd taken a really big bong hit," says the 53-year-old, who runs a women's apparel company with his wife.

But Doneson didn't have a bong. He had a marijuana vape pen. Since recreational weed is still illegal in New York, where Doneson lives, he bought his cartridges through a friend and other means. Some came in a professional-looking package labeled Kingpen, a respected cannabis brand; some didn't. Doneson didn't really care.

What happened next will sound familiar to anyone who followed the news in 2019. Doneson's health deteriorated, and doctors struggled to crack the case—until he mentioned that he used a vape pen. "People have died from this," one of the doctors told him. Indeed, stories of vape-related deaths caused nationwide panic last year; more than 2,650 people had fallen ill and 60 people died by mid-January this year, leading to a deep examination of vaping.

But in the cannabis industry, this crisis underscored an even deeper problem. Despite cannabis being legal and highly regulated in many states, legitimate entrepreneurs are struggling to compete with marijuana's black market. And they will suffer the consequences of the black market's failings.

Take those vape cartridges Doneson was using. They may have been labeled with brand names like Kingpen, but they weren't all legit. Some were convincing counterfeits—just like the dangerous knockoffs bearing other reputable brand names such as Brass Knuckles, Heavy Hitters, and Dank Vapes.

The Centers for Disease Control and Prevention (CDC) has explicitly warned people to avoid using THC products purchased from friends, family members, or unlicensed dealers—and vaping entirely. Many consumers backed off the products, even when sold at a regulated retailer. That put a chill on revenues. Vaporizers make up about 24 percent of legal cannabis sales, according to BDS Analytics, and that number had been expected to climb for at least the next five years. But in the span of a few weeks after people started dying, sales dropped by 11 percent in California, 16 percent in Nevada, and 25 percent in Oregon.

"Vapegate was catastrophic for us," says Daniel Corral, VP of sales for Loudpack, the company that produces Kingpen vapes. Revenues fell by 70 percent. "Kingpen went from being one of the most prominent brands in the cannabis space to basically getting blacklisted across Southern California," he says.

Consumers weren't the only ones backing away. When *legal* store owners saw Kingpen vapes being sold by illegal pot dealers, they mistakenly thought Kingpen was in on it. "Store owners thought we were playing both sides of the market, and that we were ultimately going to be the cause of their demise," says Corral. "It had serious repercussions to our reputation."

And this, in turn, has galvanized cannabis entrepreneurs to tackle the biggest problem facing the industry: The illegal cannabis industry is still thriving, stealing customers, revenue, and reputation away from the *legal* cannabis industry. It's happening in states where cannabis is outlawed, of course, but also in states where it's perfectly legal. "The bootleggers were cheapening our brand," says Corral. "We knew we had to fight back."

But how?

THE CANNABIS industry certainly isn't the first to be targeted by counterfeiters. The global market for fake goods is estimated to be a half trillion dollars, and bootlegged footwear and clothing are believed to make up about 38 percent of that.

Companies large and small are knocked off—and for the ones that can afford to fight back, that usually involves going after the offending manufacturers and sellers with trademark infringement lawsuits, or adding hard-to-replicate details. The trendy parka brand Canada Goose, for instance, has done both. It sued Chinese websites for selling counterfeits while installing a new product tag with a polar bear hologram on it.

But for the cannabis industry, many of the companies being ripped off are just struggling to find their footing. And in some areas, their illegal competitors actually carry more clout with consumers. After all, the illegal market has been around a lot longer than the legal market, and some of the early legalization efforts actually boosted

the unlicensed sales. For example, when California initially approved small grows for medical uses, many growers simply grew more and sold it illegally on the side. As a result, the illegal market in California is estimated at $5.4 billion—nearly three times the size of the legal market. Nationally, the illegal market still brings in around $50 billion a year.

Now entrepreneurs want to replace the illegal market with a fully legal market, but it's just not going as smoothly as anticipated. That's making operators and shareholders anxious. California's legal market has been roughly flat for three years, with issues like vapegate undermining good-faith business efforts. "I think it's becoming more contentious when it comes to the relationship between legal and illegal," says Jerred Kiloh, president of the United Cannabis Business Association (UCBA), who also owns The Higher Path dispensary. "We're trying to compete with illicit dealers who have half-price everything."

That's an irony of legalization. The new laws make cannabis accessible, but regulations and taxes also make these products competitively disadvantaged. A report from Fitch Ratings finds that after compiling state and local taxes, the upcharge for legal weed in Colorado is 36 percent; in Washington, it's 50 percent; and in California, it's 35 to 45 percent. Kiloh estimates the number is actually much higher when you factor in compliance costs and a lack of tax deductions. (Since cannabis is a Schedule 1 drug, federal law forbids companies that sell it to receive the tax breaks other industries rely on to grow.)

So how can legal companies compete? Some insiders say that in the current environment, competition is next to impossible. "The only way to survive in the legal market is by burning through cash," says an illegal dealer who agreed to speak on the condition of anonymity. "Either that, or they're dealing out the back door. The reality is that a lot of cultivators are selling on the black market to support the legal side." To his point, in a November 2019 raid on a legal, licensed warehouse facility in Los Angeles, police seized 7,200 illegal vape cartridges worth $21 million.

This leads to a vicious cycle: The more legal companies get squeezed, the more their prices rise—creating even more opportunity for illegal dealers. "Over the past eight months, the prices have been going up, so now the black market is strong again," says the dealer. "I think it would be great if it were regulated and people knew it didn't have any shit in it. I just don't see that as being a full reality."

IF ANYONE has a solution, it's going to come from one of two places—the government or the burgeoning legal industry. And lately, the industry has been pushing the government to step up.

Under pressure, the California Department of Justice led an effort to pull up nearly a million plants from 345 illegal farms last year. And in December, California regulators seized $8.8 million in cannabis products from 24 illegal dispensaries.

However, law enforcement doesn't seem to be spooking the black market much. Dealers say that the benefits of illegal sales are greater than the potential punishments—and law enforcement seems outmatched. "Our investigators can make arrests and confiscate product and cash," says Alex Traverso, a spokesman for California's Bureau of Cannabis Control. "Then the next day, or week, the place is back in operation."

So increasingly, people in the industry are coming to favor a different strategy. They want local governments to issue more licenses. If illegal operators have a legitimate path to compliance, the thinking goes, then they'll take it. And once they're taxed and regulated, the playing field levels out.

In a white paper published last year, Weedmaps, a company that runs a database of weed brands and develops software for legal shop owners, analyzed 2016 data to show that in cities where legal stores went up, the illegal ones went down.

According to the analysis, Phoenix had just one dispensary per 52,000 people, and illegal dealers captured three out of every four weed dollars. But Denver, on the other hand, had one store per 3,200 people. There, the illegal dealers took only one in four weed dollars.

The paper makes the point that when cities limit the marijuana supply chain with overregulation, they leave more space for illegal retailers to operate. In California, only one in four cities actually allows weed sales. That leaves a total of 1,187 licensed sellers to meet the needs of 26 million Californians.

"We're starting to see the more forward-thinking licensed operators pushing local governments to issue more licenses," says Chris Beals, CEO of Weedmaps. "Even some who once fought for restrictive licensing—they're starting to realize that, ultimately, we need to stand together on this." Because when consumers don't have legal distributors nearby, they'll just buy from the unregulated, untaxed dealer.

This became clear in January, after Weedmaps completed a site-wide purge of the illegal weed dealers who'd listed their services on the site. "We received some blowback from that," says Beals. "For some people, we removed what was their only means of getting their medicine." And it's unclear what effect banning the illegal sellers will ultimately have: Many of the brands ejected from Weedmaps have already launched their own e-commerce sites, says Beals. "I think we're seeing a whole new level of whack-a-mole that regulators are going to have to face."

> PEOPLE IN THE INDUSTRY WANT LOCAL GOVERNMENTS TO ISSUE MORE LICENSES. IF ILLEGAL OPERATORS HAVE A LEGITIMATE PATH TO COMPLIANCE, THE THINKING GOES, THEN THEY'LL TAKE IT.

AS LAWMAKERS struggle to fix the problem, some entrepreneurs are devising solutions of their own.

In late 2018, John Mueller, then CEO of Acres Cannabis, hatched a plan to fight the illegal sellers near him in Nevada. He began selling a product he called Black Market Killer, or BMK—a low-price, low-potency cannabis in the 17-to-20 percent THC range. Mueller put up five billboards around Las Vegas, at a total cost of $12,500 a month, imploring drivers: "Ditch your dealer, stop into a dispensary."

The goal was not only to promote BMK but to draw consumers to legal sellers in general. "Part of the reason the black market still exists is that people are used to it," says Mueller. "It's just easy when you've been buying from the same guy for the past decade."

While Mueller was putting up billboards, Loudpack, maker of the Kingpen vapes, was taking a different approach. The company sent out more than 220 cease-and-desist letters to illegal shops selling Kingpen counterfeits. Company reps blanketed the state, visiting legal dispensaries to explain that the brand was committed to fighting its attackers. Then Loudpack hired De La Rue, a British security company that produces banknotes, passports, and anti-counterfeiting solutions. After eight months of R&D, Kingpen relaunched inside new, bootleg-proof packaging.

Where Kingpen used to sell vapes in "flimsy cardboard boxes," the brand is now hitting shelves in custom tins with bamboo inserts and doob-tube holders, pieces that all come from different manufacturers to foil would-be bootleggers. But more significantly, buyers can now verify the authenticity of their purchase with a trio of security features: a scannable QR code, a lottery-style scratch pad, and an eight-way hologram. Counterfeiters would have better luck trying to print actual currency.

All this comes at a cost. The packaging upgrades cut Kingpen's margins by about half, says Corral. And as part of the relaunch, the company had to destroy more than $2.5 million of old product. "But we built an iconic brand, and the last thing we wanted to do was let the illegal bootleg market take us out of it," he says. "We wanted to send a message, and we did."

In coming months, the anti-counterfeiting defense strategy will likely roll out to other brands, too. KushCo, a public company that produces marijuana packaging, recently announced a deal that would allow it to distribute De La Rue's secure packaging.

Given the volatility of the cannabis market, the ability and courage to change course quickly seems to be the likeliest path to success. "This feels like the competitive software space, where you've just got to be ready to pivot multiple times," says Jason Luce, who sold a cybersecurity company before starting the cannabis company Canvas 1839. "When something changes, you want to be one of the first 10 companies to figure out how to take advantage of it."

In October, Luce was leading a product session for a new CBD vape pen he planned to launch under the new brand name Canvas. But with the vaping crisis just beginning to break, the product risked scaring customers. So the company changed course, instead launching a "Listerine-type strip" infused with CBD. The product isn't marred by the sins of counterfeiters, and that's something customers and investors seem to appreciate. "But who knows what's coming at us next?" says Luce. "Whatever it is, we'll be on top of it by the end of the week, analyzing how to pivot and figuring out how we can use the change to our advantage."

DONESON, the man who fell victim to a counterfeit cartridge, lost 30 pounds during his illness. In the ICU, his organs started shutting down, and when his temperature spiked to 105.4°F, doctors covered his body with ice bags to keep him alive. His wife sobbed while signing the do-not-resuscitate order, and the hospital began pumping antibiotics and steroids into his body.

But he was one of the lucky ones. The next morning, he woke up at 5:40. The room was dark, save for the monitors behind him. But he was alive. And, well—he felt fine. Normal, even. And he broke out laughing. "Then I started taking everything off—all the monitor stuff, the tubes and oxygen, just ripping things off my body." Alarms went off, nurses rushed in, and Doneson announced: "I haven't eaten in a month. I'd like scrambled eggs, French toast, and cranberry juice."

It's a happy ending—and, just maybe, a metaphor of sorts for the cannabis industry's woes. Because in a way that nobody is totally comfortable talking about, the outbreak of vape illnesses has spurred greater oversight and possibly united legal sellers. It might actually prove to be a positive turning point for the legal industry.

"Now is the moment in history," says UCBA's Kiloh, "where I think consumers are asking, 'Is the cost increase worth the reassurance that I have something safe and healthy?' I'm not trying to say we needed some catastrophe for the cannabis industry to see some growth, but with every catastrophe comes a new lens to look at things."

Clint Carter is a writer based in New York.

Groovy By Design

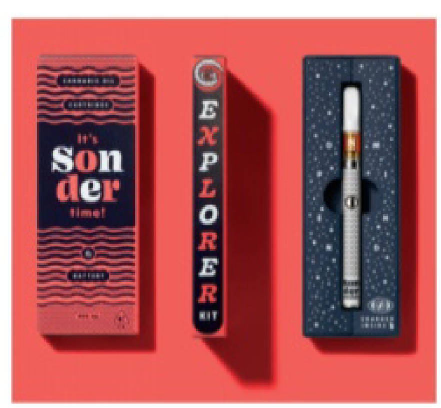
Want to stand out on a store shelf? The cofounders of vape brand **Sonder** have an idea: Get loud!

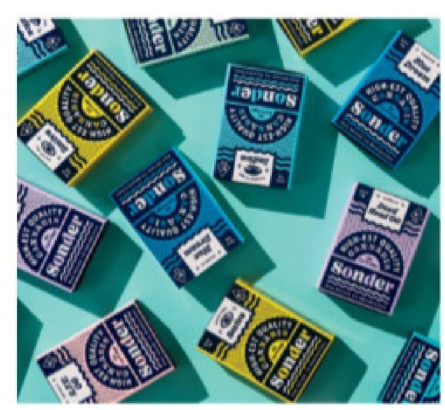
by **ASHLEY LYLE**

Many vape brands appear clinical or understated, as if trying to evade attention. Sonder takes the opposite tack. Its products are packaged in bright, nostalgic colors and highly stylized fonts, with cheeky names like Green Cush and Dead Head OG. But then again, what else could be expected from two designers turned cofounders?

Sonder is the product of Faun Chapin, a graduate of Yale University's MFA program, and her wife, M. Paradise, who once worked at the buzzy branding agency Red Antler. (M. goes by her first initial professionally.) They now have their own design studio called Guts & Glory, which produces campaigns for clients like New Belgium Brewing. When they decided to create a vape brand, they wanted to make a splash. Here's how they did it.

→ DESIGNING WOMEN Chapin (*left*) and Paradise (*right*) collaborated on Sonder's whimsical look.





1/ The name

CHAPIN: "Sonder is a name M. brought to the table. What it means to us is that moment of awareness, that connection to yourself and to the world around you. We really love that idea because ultimately that's what cannabis does: It helps facilitate that moment of presence. For us, there's even a musical sound and visual rhythm to the name. We show that by having rhythmic waves everywhere on the packaging. In French, the word means 'to probe,' and in German, it means 'special.'"

2/ The box

PARADISE: "Sustainability is top of mind for us, so except for a plastic tube that is compliant with child-resistant laws, everything is biodegradable. From a design perspective, we specialize in creating visual images where we reach back into the past, take something from the present, and mix it together. It looks simultaneously like something you've seen before and at the same time is new. In this design, we reach back to cannabis's past."

3/ The images

CHAPIN: "We set out to design a language rooted in the rich history of cannabis from the '60s and '70s. It was an OG time of cannabis culture and cultivation. Psychedelic era. We spent a lot of time around Mendocino, and if you look at the front of the packaging, we abstracted the California coast in a super simple yet graphic kind of way, with wavy lines and the sun setting. When you slide it open, there's a design of outer space. The reveal gives the user a moment of surprise and joy."

4/ The colors

PARADISE: "Cannabis can be a full-spectrum rainbow in how there's so many different ways to experience it. We really wanted the packaging to capture that. We set out to design something very iconic, where you could see it across the room or point it out in an Instagram post."
CHAPIN: "We built a brand that could allow us to evolve and add to the colors and the complexities. We want this world to be vast and expansive always, with moments of curiosity, wonder, and exploration."

PHOTOGRAPHS COURTESY OF SONDER

"After 20 years in hotel sales I saw the possibility to be my own boss."

- MAGGIE BILLY-FISHER, Franchise Owner Since 2018

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Franchise/ Franchisee

PHOTOGRAPHS COURTESY OF UBREAKIFIX

From Tesla to Tech Repair

Minhthe Nguyen used to be an overworked Silicon Valley engineer.
Now, as a **uBreakiFix** franchisee, he's still overworked—but happier than ever.

by STEPHANIE SCHOMER

→ **FINDING THE FIX** Nguyen mid-repair at his San Jose, Calif., location.

When Minhthe Nguyen started working at Tesla in 2012, he was overseeing a team of 20 at the Fremont, Calif., factory, which was producing a single car each week. Less than three years later, his team had grown beyond 400 people, and they were producing 1,200 cars a week. Having witnessed and contributed to that kind of rapid growth, Nguyen felt empowered to take a leap he'd long dreamed about: owning a business. Coming from the corporate world, he found the structure and support of franchising appealing, and when he learned about uBreakiFix—an electronics-repair franchise with 548 locations across North America—it seemed like the perfect fit for his skills and passions. Today, with his business partner and fellow Tesla vet Emmanuel Marti, Nguyen operates five locations across California. Their sales and staff are growing fast—but as they learned at Tesla, there's always room to improve.

How did Tesla prepare you for life as a franchisee?
Tesla works on a very condensed timeline, and it takes some getting used to that culture. A lot of people might think, *Yeah, it's impossible to get that task done on this day or this week or this quarter.* But Tesla taught me not to waste energy thinking about why something's impossible. Instead, focus on solutions. That drives me today as a business owner.

Was transitioning to electronics repairs easy because of your tech background?
Even though I was an engineer and understood the technology, repairing a phone is a lot different from doing engineering work. When we went through our initial three weeks of corporate training, learning to take apart an iPhone or a Samsung device and do the physical repair, I was overwhelmed. A lot of the other guys at the training had repaired thousands of devices before, and I was like, *How can I ever become a tech wizard like them?* It took time.

Plus you were figuring out how to run a business.
There's so much unknown when it comes to opening a business, and it's all in the details. Do you choose an LLC or a corporation? If it's a corporation, what type? How do you find a contractor you can trust? How much should they cost? They were exciting decisions, but scary when you have no experience. We really looked to our own network and thought about who might have that expertise or be able to offer guidance. Who can answer our questions, and how can we learn what we need to know?

How did your work-life balance change once your stores were up and running?
At Tesla, I was working the hardest I'd ever worked—three months straight, no days off, coming in on weekends. When people told me starting my own business would be even harder, I was skeptical. But it was a transition from working a lot at Tesla to working a lot *more* as a business owner. It wasn't a turnoff, though. I knew I was building something that would be like my baby.

Your location in Fremont has quickly become one of the brand's top-performing stores. Was it an immediate success?
A new store starts off pretty slow, so when we opened, I was still investing time at our other stores. But customers kept coming to me, having been referred by the Fremont store, which didn't have all the necessary parts to do certain repairs. It was a big inventory issue, and I realized a lot of it had to do with that team's mindset—they were very shy about what jobs they would take on, what they were capable of. So I really shifted my attention to that store and that staff and their systems, and slowly we started growing by 10 or 20 percent every month. It's just about figuring out what's getting in the way of growth and removing those obstacles.

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The Power of Personal Growth

SpeedPro president and CEO Larry Oberly learned to lead by making mistakes. by **STEPHANIE SCHOMER**

When Larry Oberly entered the franchise world 29 years ago, he wasn't a great leader—and he's the first to admit it. But with nearly three decades of experience across such brands as Baskin-Robbins, RE/MAX, and the sign and graphics printing company SpeedPro, which he joined as CEO in 2017, he's learned that leadership is more about accessibility than strict processes. Now he listens—to his staff, to his 135 franchisees, and to his customers—in order to build sustainable growth and spot fresh opportunities for the $74 million business.

PHOTOGRAPH COURTESY OF SPEEDPRO

When you joined SpeedPro, what were some of the first changes you made as CEO?
I saw a chance to build a better onboarding program for our franchisees. We created an intensive program starting with one week of business training at our Denver HQ, which covers everything from maximizing our POS system to financial management to sales and marketing. From there, we pair new owners with a "buddy studio," a nearby location where they can go and sell the products and services. Then we bring them *back* to HQ for another week of production training. And then when they open their doors, we're there to provide on-site support.

What did training look like before?
Just a week's training and some online courses. What we have now is something I wish I'd had when I was a franchisee at Baskin-Robbins—especially the financial part. Having someone really help you understand how this business can and should make money is invaluable.

How much has your time as a franchisee influenced the way you work as a franchisor?
My entire leadership style changed at Baskin-Robbins. I owned two stores in the '90s and started it as a sideline business—I was working full-time under a union shop in the airline industry, and I was not a kind guy. But when you own your own business, you realize how easily you can lose your team members if you do the wrong thing. At my first store, I had an exceptional manager who one day left her clean coffee mug on the counter instead of putting it in the back. I'm embarrassed by this, but I left a note on it that said, "The next time this is left here, I'm throwing it out." Almost immediately, I realized it was a mistake, one I never forgot. I was making myself vulnerable. It taught me to never be trivial or give people reasons to question what kind of person you are.

So how would you describe your leadership style today?
I really feel like I'm a servant leader. I have what I call a "no door" policy—I don't want to be the bottleneck in the company, and I want my team to feel comfortable interrupting me if they need a fast decision in order to take action. Don't be the guy who keeps progress from happening.

In addition to being a Baskin-Robbins franchisee, you spent nearly two decades in the corporate office of RE/MAX. SpeedPro's services and customer base are very different from both of those businesses'.

How did you get up to speed on this kind of client?
Reading. And listening. I read about eight trade magazines regularly, and that makes it easy to understand developing trends and where business shifts are headed. You can build strategies around that. And last year, we did our first set of town hall meetings with franchisees. Listening to our owners—the folks talking to our customers each and every day—gave us a lot of ideas for initiatives that launched last year and more this year. From new marketing and sales initiatives such as targeting commercial interior designers as customers, we're finding better ways to own our space and deliver the best service.

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Get the Word Out

Franchisors and franchisees alike can benefit from a talented PR firm that can tell their story—and get the attention of new customers. Here's how to find a match.

by **HAYDEN FIELD**

1/ Ask *All* Your Questions

From Jamie Izaks, president and cofounder, All Points Public Relations

When vetting a PR firm, whether you're a franchisor or a franchisee, you want to find the best value. Where's the intersection of quality and cost? To do that, you need to ask a lot of questions. *What types of brands do you serve? Who are your longest-term clients? How do you keep them moving forward?* Get specific. If you're a franchisee, ask for franchisee case studies that show how the PR firm helped drive business. If you're a franchisor, request an example that outlines how much one company paid and what it received in business growth, media impressions, ad equivalency, site visitors, or social media engagement. It's also important to understand a firm's role in the industry. Ask: *What's your connection to franchising outside your firm? How intimately are you involved?* Ideally, executives will be ingrained in the industry, sitting on boards or attending relevant events. Another thing to consider: transparency. Assess how straightforward the company is and the clarity of its plan. How's the team's response time, and what sense do you get of overall work ethic? PR isn't straightforward; it can take months to get the right result. You need to know an agency is alongside you for the long fight.

2/ Be Honest About Expectations

From Neal Courtney, CEO, Cookie Cutters Haircuts for Kids

NEAL COURTNEY started as a Cookie Cutters franchisee. Today, he's CEO. The brand has more than quadrupled its size in five years, and PR firm Franchise Elevator helped supercharge his strategic plan with...

1/ Real results
Since partnering with the PR firm, Cookie Cutters has expanded from 24 locations to 110—and Courtney could track the stories it placed in relevant publications with a boost in franchise sales. "I would say 10 percent of our growth is related to the direct efforts of Franchise Elevator," he says.

2/ Quick communication
"We're extremely aggressive, and I wanted a firm that really wanted to run with us as a hare," says Courtney. So before signing on, he had a lot of conversations to make sure Franchise Elevator could keep up with his requests, ideas, and demands.

3/ Trust
Courtney wanted a PR rep who genuinely believed in his business. "Especially for emerging brands, you need to know that the partners you're working with are passionate about what you're bringing to market," he says. "Otherwise you're just another company in their portfolio."

3/ Unexpected Success

From Vinnie Sposari, franchise owner, Mr. Rooter Plumbing

What he expected/ Mr. Rooter's corporate office provides franchisees with PR services through Fish Consulting, but Sposari was skeptical. He didn't think PR could actually boost business for a plumbing company.

What he got/ Name recognition. Sposari constantly meets people who recognize the name Mr. Rooter from articles, and sometimes people even recognize him by name. Plus, the press has helped boost trust. "People don't always trust the plumber," says Sposari. "This gives us some credibility."

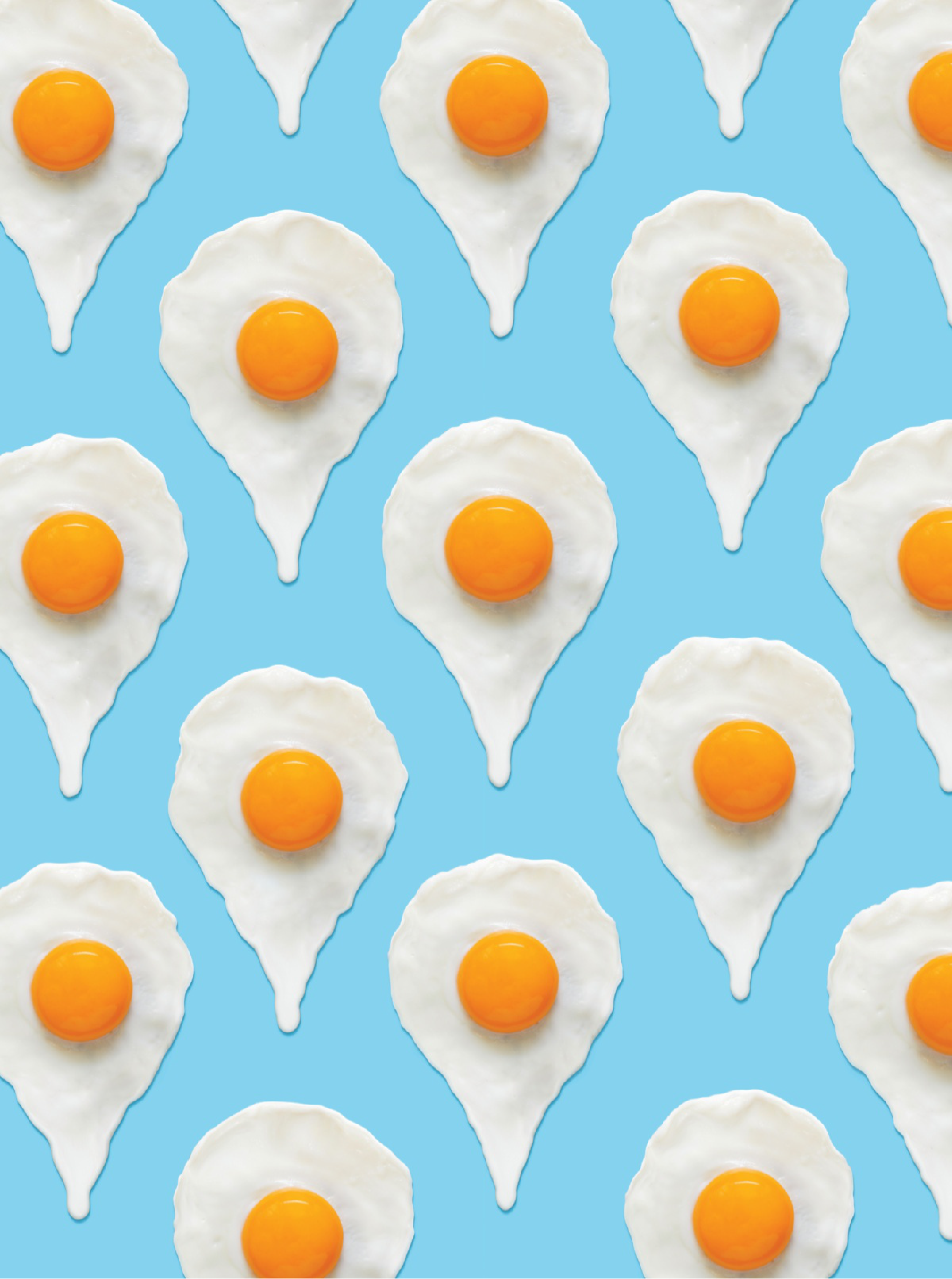
PHOTOGRAPH BY SHUTTERSTOCK/WELLPHOTO

Breaking a Few Eggs

Founders can give their companies a lot of charm and personality—but is that always a good thing? It's the question facing **Eggs Up Grill,** a quirky breakfast spot that now has private equity owners, a CEO from TGI Fridays, a mandate to grow, and a delicate balance to strike.

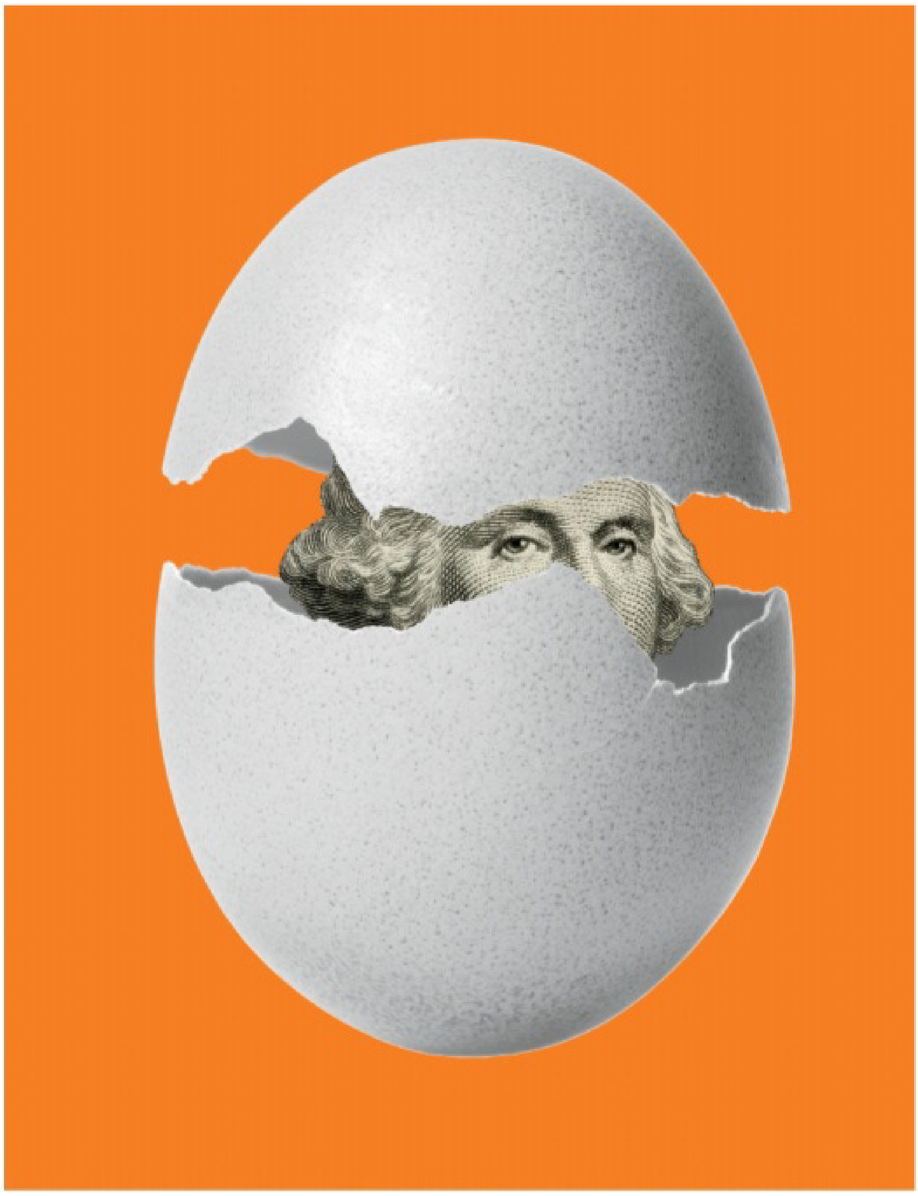
by **CLINT CARTER**

Illustrations / ALVARO DOMINGUEZ



After the papers had been signed and the hands shaken, Skip Corn turned to his partner, Chris Skodras. "I don't want to go cry in front of my wife," Corn said in his distinct Southern drawl. "But I can cry in front of you."

And he did. So did Skodras. "We cried every day for six months," says Corn, 68. "To hand your baby off to somebody—it's a traumatic experience."



Over more than a decade, these two friends had built a 32-unit franchise called Eggs Up Grill, based in South Carolina. They wanted their restaurants to have small-town charm, so they ran the company with a small-town ethos. Everything was done with love and gut instinct. *They* answered the phones; *they* solved franchisees' problems. They insisted that every franchisee also work in their restaurant so customers could come and shake the owner's hand. And now Skodras and Corn had gone and sold the majority of their company to a private equity group, the kind of buyer that's often demonized for slash-and-burn, profit-at-all-costs tactics.

Tears were understandable.

But so far, at least, Eggs Up is not looking like a private equity horror story. Instead, it's looking like something far less dramatic, but a lot more common and instructive. It's a tale of what happens when a company becomes too big for its founders and more experienced operators come in to wrestle with its full potential. The private equity group that bought Eggs Up Grill is called WJ Partners, and it has some experience in this game. It acquired Pure Barre in 2012 and eventually sold the fitness studio to bigger investors; by the time WJ fully exited in 2018, Pure Barre had exploded from 96 to more than 500 locations.

So if you live in the Southeast but haven't heard of Eggs Up Grill—well, you're about to. Shortly after the acquisition in 2018, the new owners installed a team of franchise veterans led by CEO Ricky Richardson, the former president of TGI Fridays. Eggs Up has already scaled to 40 locations and announced aggressive plans to reach 100 by mid-2022.

As it grows, Eggs Up will face a predictable question: How much can this growing company retain its authenticity? But that may not be the right way to look at it. Here's another question that, in the end, might really be more important: How much of that authenticity was holding the company back?

Because the thing is, sometimes too much charm can be bad for business.

REWIND A FEW decades, and Eggs Up never looked like the kind of company on a path to private equity. Chris Skodras opened the first one himself in 1986, in Rhode Island. More than a decade later, he moved to South Carolina and brought his diner with him—reopening Eggs Up in Pawleys Island, S.C., just south of Myrtle Beach. It built a loyal following of families and beachgoers, and in 2005, Skodras decided to give franchising a shot.

That's how he got talking to Skip Corn. The two men attended the same Friday morning Bible-study group, and Corn brought his kids and grandkids to Eggs Up every Sunday after church. Corn had just spent a career in management for the PGA Tour and was reinventing himself as a business consultant. In 2005, he signed a one-year contract with Eggs Up.

The duo became fast pals, and business thrived. "It was a friendship made in heaven, quite frankly," says Corn. "He knew I was gonna do my job, and I knew he was gonna do his." In time, Corn's yearlong contract evolved into a 50-50 partnership. Skodras handled day-to-day operations; Corn took on accounting, marketing, compliance, and franchise sales.

There's a story Corn likes to tell to illustrate Eggs Up's franchisee-acquisition process—and, for that matter, the business's entire ethos. One day, a guy named Michael McNeal calls up. He's a UPS driver looking to start his own business. He already has approval for an SBA loan, so Corn drives seven and a half hours to meet McNeal near his home in Albany, Ga.

"I said, 'Michael, what do you want to accomplish?'" Corn recalls. Before he could answer,

the prospective franchisee's wife cut in: "We want Michael to coach [his son's] baseball team."

Corn's eyes lit up. Eggs Up Grill wasn't looking for franchisees with restaurateur ambitions. It wanted regular folks like McNeal, who wanted to spend time with their kids. "What we focused on was character, morals, and ethics," says Corn. "And we really felt like the Lord was bringing us good people."

Eggs Up grew slowly and steadily like this, signing new franchisees whose hearts passed the purity test. Many franchisees were drawn in by the brand's guidelines: The restaurant would never open past lunch—its hours were 6 A.M. to 2 P.M. And franchisees needed to work in their store, meeting customers face-to-face. "Chris and I both knew we were never going to be gigantic doing it that way," says Corn. "But we sure found incredible people."

Still, the strategy also risked alienating incredible people.

One of them was Drew Hampton, a local who already was a multi-unit franchisee of Groucho's Deli. He was a happy Eggs Up customer. The staff was unusually friendly; even the bussers were chatty. "They paid attention to the customer, and people are drawn to that," he says. So he called Eggs Up and asked to become a franchisee, and in 2014, he opened the brand's 11th store.

The place was an instant hit, with 600 to 700 customers visiting every Saturday and Sunday. Hampton was eager to open a second store—but Skodras and Corn weren't interested. "If you want to open a second or third store, they're not going to be successful," he recalls them saying, "because you're not going to be there."

"I don't want to own just one restaurant!" Hampton replied. "I want to own *several* and be able to scale something."

At the time, Eggs Up had a strict rule. The on-site manager (who was usually the franchisee) had to own at least 10 percent of the franchise. Hampton could open a second location... but someone else would have to own 10 percent and work the floor. He didn't want that.

This kind of friction isn't uncommon in founder-run franchise systems, says Benjamin Lawrence, Ph.D., a professor of franchise entrepreneurship at Georgia State University. "The thing about founders is that they have a very different relationship to the brand," he says. "They're fundamentally interested in the brand as a reflection of their self-identity."

It was true: Corn and Skodras valued personal relationships as much as growth. Over the years, Corn was contacted by several multi-unit operators looking to buy multiple locations, but he turned them down. "They don't really know us, and we don't really know them," he reasoned.

In the end, Hampton relented. He found a partner and opened his second Eggs Up Grill as a part owner. On opening day, he says, nobody from corporate showed up. "They created a great brand," he says. "But to take it to the next level, they needed help."

Eventually, Skodras and Corn would agree—which is how they got to private equity.

OVER THE YEARS, private equity has taken a serious interest in franchising. Investment groups have acquired Buffalo Wild Wings, Ruby Tuesday, and the Texas chain Whataburger.

"Private equity likes franchising because they only have to invest limited amounts of capital for a high return," says Lawrence, the Georgia State professor. Franchisees, of course, are the ones funding their locations, as well as managing employees.

For investors looking to scale fast, a company like Eggs Up Grill makes a decent proposition. It's more nimble than breakfast titans like IHOP and Denny's, and its restaurants require only about half the square footage. (Both IHOP and Denny's are in the process of rolling out smaller concepts.) And because Eggs Up Grill offers limited hours of operation, serving breakfast and lunch crowds only, food and labor costs are lower.

But success is never guaranteed. Following a bad private equity deal in 2006, Quiznos lost 90 percent of its stores. And in 2010, private equity tried to scale Washington State's Papa Murphy's too fast. The plan backfired, and stores shut down.

"I'm not saying private equity is bad," says Lawrence. "It can improve the system or get rid of low performers. But it does change the nature of the relationship." When the strategy becomes hyperfocused on growth, decisions can become aggressive or risky.

But risk is relative. It's a question of what you're comparing it against. And in the case of Eggs Up, *non*aggression was starting to look risky, too.

Skodras and Corn wanted to keep their organization lean and personal. For years, it was just the two of them, and even when they started growing, the corporate team never had more than five people, which meant nobody had assistants. They didn't even have voicemail systems. "We answered the phone ourselves," Corn says. But as they reached 20-plus locations, that tiny corporate team was stretched thin—and franchisees noticed. Sure, they could reach Skodras or Corn directly, but it could take days to actually get their attention.

"They just didn't have the infrastructure to be able to grow the brand like it was capable of," says franchisee Scott Johnson. "They were more interested in quality than quantity."

Around 2015, private equity firms started reaching out to Eggs Up. Generally, Skodras and Corn declined the meetings.

> [THE ORIGINAL OWNERS] JUST DIDN'T HAVE THE INFRASTRUCTURE TO BE ABLE TO GROW THE BRAND LIKE IT WAS CAPABLE OF. THEY WERE MORE INTERESTED IN QUALITY THAN QUANTITY."

They knew they were stretched thin, and they didn't think they could do what these firms were proposing with five employees.

Then WJ Partners came along. It's also based in South Carolina and had the personal connection Eggs Up valued: Corn knew Craig Wall, whose son, Benjamin Wall, is a founding partner. Through a friend, Corn met with Wall and his wife, Jaime, who's also a WJ partner. "I was talking to people I knew, trusted, and felt comfortable with," he says. Corn was also comforted by the fact

that WJ Partners uses its own money; it doesn't work with outside investors who might pressure it to break promises.

The Eggs Up deal took nine months to negotiate. Corn sat down with everybody at WJ Partners, "even people who weren't going to be involved," and pressed upon them the values of the company. He felt heard. And eventually, Skodras and Corn were ready to sign—and cry. Their baby was now officially someone else's (though they retained a vested interest in the company, with no official roles).

The news came as a shock to many. "When I found out, I was very excited. WJ Partners has a solid background in scaling concepts," says Hampton, the franchisee who had to give up equity in his second location.

The reality, he says, is that Eggs Up is easier to operate with private equity at the helm. In part, that's because the new owners saw the chain very differently than the old owners. This wasn't just a place driven by love and gut instinct anymore. Now it was a business meant to scale.

AFTER THE SALE, WJ looked for a new leader to grow the company. It found that in Ricky Richardson, who had spent 20 years at TGI Fridays—including three as president. He learned a lot there but also saw what can happen when a brand loses clarity in its vision. It's a problem for many legacy concepts and resulted in TGI Fridays closing 58 stores between 2014 and 2016.

"It's hard to be all things to all people," says Richardson. "The risk there is you end up diluting what you really stand for." And a diluted brand is easy to attack. "What historically may have been indirect competitors end up being direct competitors," he says. "You're not as focused as you were in the past, so people can carve off little pieces of you."

This is why he saw so much potential in a little breakfast brand. "What's so appealing about Eggs Up Grill is the level of authenticity that comes with it," Richardson says. He talks a lot about *authenticity*. It's a little ironic, given the transformation he's tasked with leading, but it's clearly germane to Eggs Up's messaging: *We may be scaling,* it seems to say, *but we're still the local guys.*

"That connection is really differentiating and compelling for a guest," Richardson says.

There's also a difference between *authenticity* and, well, *inefficiencies created by authentic founders*. Since joining the company in July 2018, Richardson has made fast work of plugging those holes.

For example, the once-tiny corporate team is now a lot bigger. In the past, franchisees might have waited two days to hear back from someone. "Now if I call, somebody will answer in 30 seconds," franchisee Hampton says. "They give you support on marketing, site selection, P&Ls—they look out for the bottom line." Plus, he says, there's no emotion involved. "It's just business."

Richardson also tightened up costs. Eggs Up used to have 72 menu items; now it has 55. He eliminated poor-performing dishes like tuna and egg salad and negotiated better deals with vendors.

Last year, he also opened a training facility and new restaurant prototype in Spartanburg, S.C., not far from Eggs Up headquarters. The store demonstrates a refreshed, contemporary look, and it has already rolled out new, Instagrammable items: a shrimp and grits omelet, baked peaches and cream pancakes.

To ensure consistency, Richardson created a team of franchise consultants, who visit each store a few times each quarter to check food quality and ascertain how servers, managers, and bussers interact with guests and with the franchisee. "It's nice when they stop by," says franchisee Rob Johnson, who works alongside his brother, Scott. "It doesn't feel like an inspection or anything hostile."

But there's no doubt about the purpose of the visits. The corporate office wants to ramp up profits and sell more stores. "We're projecting plus or minus 18 restaurants opening in 2020, which, comparatively, is almost a 50 percent growth rate," says Todd Owen, the company's new VP of franchise development. "We actually opened five in January."

Owen, who previously helped Qdoba Mexican Eats expand from 60 to 600 locations, says he was lured in by Eggs Up's strong market position under WJ Partners. It's well-funded, franchisees are stoked about the brand, and Richardson has stacked the new executive team with industry veterans.

Results are already visible. Recently, Eggs Up signed a 10-store multi-unit deal with a Wendy's franchisee. "We want to be one of the big dogs," says Owen. "But we're not just wishing; we're getting there."

FOR NOW, Eggs Up will limit its growth to the Southeast. "I look at it like we can't afford to make one mistake," says Owen. Because if Eggs Up Grill becomes just another anonymous place to buy bacon and pancakes, what does it really have to offer?

The new challenge, then, is to figure out which parts of the old regime can help this new regime grow.

Corn has no regrets about selling. He likes the new changes and understands the value of having a big corporate office to handle the day-to-day operations. "Now instead of calling Skip for 50 percent of the answers and Chris for 50 percent of the answers, you can call one of 10 people and get somebody who's an expert in that field," he says. In a way, that's what the two partners always wanted: better support for franchisees.

And unlike the old owners, these new owners are very supportive of multi-unit ownership. That's been great news to some of Eggs Up's most ambitious franchisees. Scott and Rob Johnson are planning to open a third Eggs Up. Hampton already did so—and he may keep going.

"I was probably not going to do any more stores," he says. "But then the new group bought them. We're just now getting ready to take off and watch this concept grow." E

Clint Carter is a writer based in New York.

Don't Just Start, Thrive!

Franchises and business opportunities like the ones in this section have success strategies, resources, and brand recognition already in place. They need capable leaders like you to run them. Learn more about how they can help you build on your business achievements.

Pillar To Post
Home Inspection

Cruise Planners
Travel

Stratus
Commercial Cleaning Solutions

Garage Experts
Garage Coatings

Soccer Shots
Children's Enrichment

About Pillar To Post Home Inspectors®

North America's leading homeinspection company with nearly 600 franchisees in 49 states and 9 Canadian provinces.

Pillar To Post Home Inspectors® Facts

- Franchise Fee: $21,900
- Provides flexibility and financial security
- Helps your work/life balance
- Allows you to take control of your financial future

Former Memphis Firefighter Has A New Career With Pillar To Post Home Inspectors®

You could say that Byron Matthews, a resident of Memphis, Tennessee has a thorough understanding of building structures, foundations and fire inspections because he does! The 46-year-old Matthews spent 15 years as a firefighter and an EMT for the city of Memphis and recently became a franchise owner with the No. 1 home inspection company in North America, Pillar To Post Home Inspectors®. Matthews now serves clients throughout Shelby County and West Tennessee.

"I loved being both a firefighter and an EMT," shared Matthews, "but I always yearned to have my own business. When the opportunity and time was right, I had to go with it. I learned to have a real appreciation of how homes were built, fortified and maintained while serving as a firefighter. You really get a firsthand look at structural design, both the good and the bad. There were times when I saw the very weakness in a home that made it vulnerable to fire damage. It was all really the perfect education and base to lead me up to becoming a home inspector," Matthews said.

Pillar To Post Home Inspectors is in their 26th year. In those years more than three million families have turned to the company to be their trusted advisor when buying or selling a home. Pillar To Post Home Inspectors has ranked on Entrepreneur Magazine's annual Franchise 500® for 23 years in a row; the past eight years of which they landed at the top of their category.

Founded in 1994, Pillar To Post Home Inspectors is the largest home inspection company in North America with home offices in Toronto and Tampa. There are nearly 600 franchises located in 49 states and nine Canadian provinces with plans to add 500-600 more locations within the next five years. A professional evaluation both inside and outside the home is at the core of Pillar To Post Home Inspectors' service.

"This was a great match for me," Matthews said. "My goal is to expand my business and be a role model in my community." We think he already is one!

PILLARTOPOST HOME INSPECTORS

For Pillar To Post Home Inspectors® Information:

(877) 963-3129
franchise@pillartopost.com
www.pillartopostfranchise.com

"With Cruise Planners, I am in control, and I truly love what I do," said Anoop Mittra who left the corporate world and found a second career as a travel advisor.

About Cruise Planners

Cruise Planners is the nation's largest home-based travel agent franchise network with low overhead costs and the ability to work from anywhere with an internet connection. As an American Express Travel Representative, travel advisors earn instant credibility with consumers and train with the best in the industry.

Cruise Planners Facts

- Low-cost franchise: $10,995 with low overhead
- Be your own boss, work from anywhere, travel the world
- No experience needed: training and ongoing coaching provided
- Entrepreneur's #1 travel franchise 17 consecutive years

Cruise Planners Opens The Door To A World Of Possibilities

Having worked most of his career in the tech field at major corporations, Anoop Mittra never imagined he would become a travel advisor. But with a pending election, an uncertain economy and several mergers and acquisitions, he was ultimately laid off.

Though Anoop quickly found contract work in his field, he was left wondering how much control he had over his future. He started looking into franchise opportunities and came across Cruise Planners, a home-based travel advisor business. He had a passion for travel and had done a lot of it in his corporate life. Cruise Planners' affiliation with American Express Travel brought instant credibility and gave Anoop the confidence to purchase his franchise.

Starting Part Time

He started working his Cruise Planners franchise part time while still maintaining a full-time contract job for a large telecommunications company. Anoop had no prior experience as a travel professional, so he relied on Cruise Planners' comprehensive training and industry-leading tools to grow his business. "Cruise Planners provides the sales support, marketing, technology, and brand recognition – it all adds up to help us be successful."

Eventually, Anoop grew his travel advisor business so much that he left the corporate world for good to focus full time on his Cruise Planners franchise. Today, his sales are well over $1 million annually.

Be In Control

The freedom of being a business owner was liberating. Not only could Anoop decide when and how he worked, but with Cruise Planners' proven, successful home-based model and award-winning technology and marketing, he could decide where he worked, even while traveling. "With Cruise Planners, I am in control, and I truly love what I do."

Cruise Planners' mobile technology allows franchise owners to work from anywhere, even while traveling.

CRUISE PLANNERS® | AMERICAN EXPRESS TRAVEL

For More Cruise Planners Information:

franchising@cruiseplanners.com
cruiseplannersfranchise.com
(866) 584-2424

About Stratus Building Solutions

Stratus Building Solutions is the nation's leading green cleaning and janitorial services franchise offering exclusive regional master franchise territories and scalable unit franchise opportunities throughout the US and Canada.

Stratus Building Solutions Facts

- Franchise Opportunities to Fit Your Goals
- Unit Franchise Fees Starting at $3,600
- Master Franchise Territories Starting at $75,000
- Professional Business Customers and Recurring Revenue Streams

Spark Recurring Revenue Streams With Stratus

Stratus Building Solutions® provides an environmentally friendly commercial cleaning experience driven by entrepreneurial, small unit business owners and regional master franchise support centers. Since 2006, Stratus Building Solutions® has become a household name as the industry leader in green facilities maintenance. With a proven Stratus Building Solutions® business model and a commitment to customer service, your own commercial janitorial service franchise has unlimited earning potential.

At the Forefront

In an ever-increasing environmentally conscious market, the demand for Green Clean services puts Stratus® at the forefront of the commercial cleaning industry. Offering a range of special services, customizable options, state-of-the-art cleaning equipment with air-quality improvement components, and Green Seal Certified Stratus® Green Clean chemicals, Stratus Building Solutions® is second to none in cleaning for quality, health, and the environment.

Success for Today and the Future

The Stratus Building Solutions® business model targets multiple recurring revenue streams in a recession proof industry, assuring a consistent income today and into the future. Customer contracts, financing payments, and a scalable organizational concept provide a solid base to leverage continuous growth, as proven by many successful existing Stratus® franchises.

The Stratus® Difference

Stratus Building Solutions® offers a turn-key business model with franchise concepts ranging from home-based businesses to exclusive regional master franchise territories. With the lowest investment costs in the industry and availability in major metropolitan areas, Stratus® provides the nation's premier franchise opportunities in the commercial cleaning industry.

Regional Master Franchise:

- Exclusive Territories Available in Major Metropolitan Areas
- Multiple Recurring Revenue Streams
- Scalable Model
- High Margin Earnings Capability
- Training and Continuous Business Development Support
- Proprietary Management Software

Unit Franchises:

- Lowest Investment Costs in the Industry, as low as $1000 down
- Guaranteed Sales Accounts
- Multiple Franchise Concepts
- No Experience Necessary; All sales, marketing, billing and collections, and services training provided
- State-of-the-Art Equipment and Materials
- Military Discounts Available

STRATUS BUILDING SOLUTIONS

For More Stratus Building Solutions Information:

Mark Johnson
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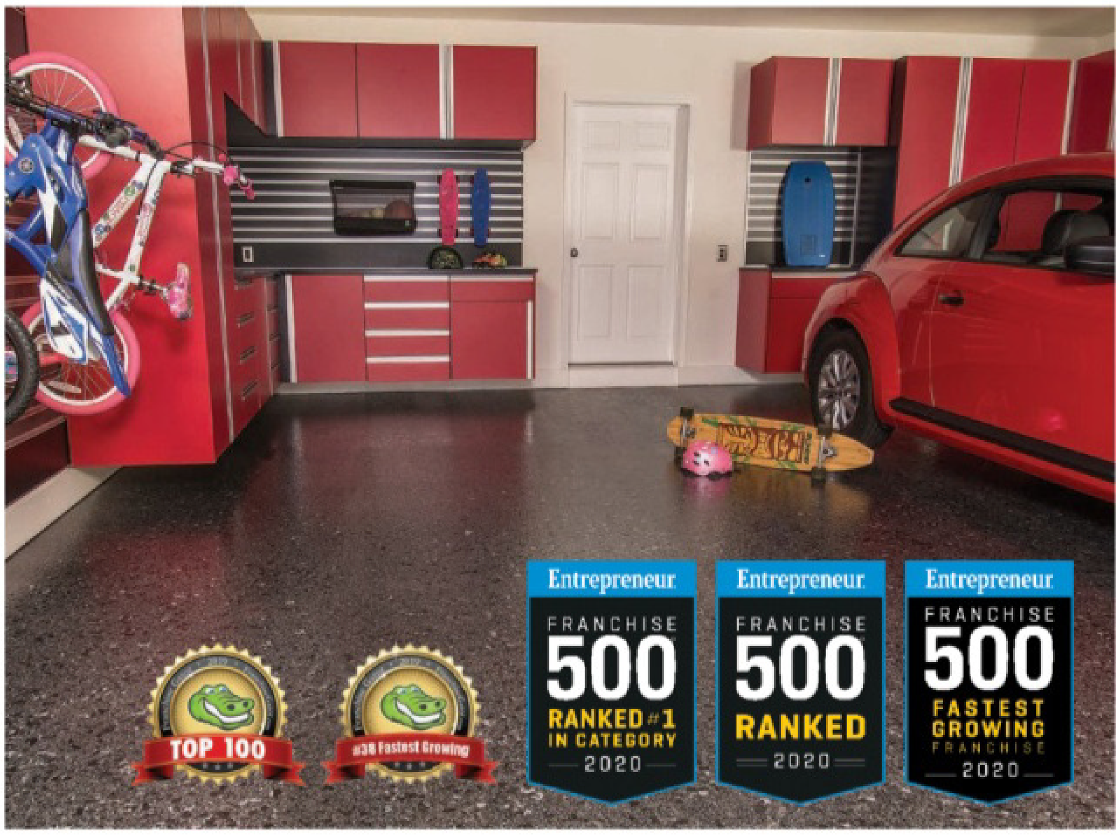
Stratusclean.com
(888) 981-1555



About Garage Experts

Garage Experts strives to be the Leading Epoxy Flooring and Garage Cabinet company in the USA, backed by a Lifetime Warranty. Our successful Franchise Owner are developed to work towards building a team to provide the best service to their territory using the best products.

Garage Experts Fast Facts

- Franchise Fee: $15,000 (Veterans $13,500)
- Royalties start at $500 a month
- Install floors in as little as one day
- 92 Outlets and Growing

Garage Experts®: The Garage Makeover Leader!

Garage Experts is a national provider of Epoxy/Polyaspartic Flooring, Garage Cabinetry and Organizational products. We provide value to our Franchise Owner and their customers by offering the largest variety of product choices and solutions backed by a Lifetime Warranty.*

Turn-Key Business Solutions

Over the past decade, we have put a focus on building systems that help our Franchise Owner become successful. It began by having the right people in the right seats, both at the corporate and outlet level. From there, we were able to build back office systems, including a proprietary CRM that handles most business functions, as well as a strategic marketing mix to optimize lead generation, plus many more. As a vertically integrated company that manufacturers products and develops systems from proprietary technology, Garage Experts has been able to develop a strong presence in the market with one goal in mind—to be the Leading Epoxy Flooring and Garage Cabinet Company in the USA.

Products Manufactured in the USA

Our Epoxy and Polyaspartic coatings, along with Cabinetry products, are manufactured in the USA. We offer easy to install flooring with low solvent to reduce offensive solvent odor for the installer and the customer. Wood for our cabinets has always been sourced from replenishable forests through vendors who provide panels that meet some of the strictest formaldehyde laws in the USA. All of this is done to ensure we provide the best products to our Franchise Owner and their customers.

We're in it for the Long-Run

We realize it takes a lot of capital and work to start your business. That's why our royalties start low and build up over time. We also do not require you to stock inventory; instead we develop our Franchise Owner to sell the job, then order the materials. This allows for your capital to be spent on building your business rather than putting it into unsold inventory. With two strategically located manufacturing plants, we can ship product to 93% of the country in only two days. Our Franchise Owner can offer quick turnaround time to their customers, resulting in more booked jobs.

GarageExperts®
Local Service With National Support™

For Garage Experts Information:

Kristen Jones kristen@garageexperts.com

garageexperts.com/franchise-opportunities/

(800) 982-3318

*Visit garageexperts.com/warranty for additional warranty information.

About Soccer Shots

Do you want to make a difference while making a living? Do you want to work for yourself and have more flexibility? Owning a Soccer Shots franchise may be the right fit for you! We are consistently recognized as a top-ranked franchise - Let our proven business model set you up for success!

Soccer Shots Facts

- $3,093,392 Top Performer Gross Revenue
- $248,240 Top First-Year Owner Gross Revenue
- $127,350 Average Owner EBITA
- Over 200 territories in almost 40 states & Canada

Soccer Shots: A Career That Makes An Impact

Aimed at positively impacting children's lives, Soccer Shots strives to be the best part of a child's week through best-in-class coaching, communication and curriculum. Soccer Shots was founded when two professional soccer players identified a need for quality and engaging soccer programs for children under age eight. Impacting over 440,000 children each year, our expert-approved curriculum is delivered through professional coaches who provide a safe and fun introduction to sports. Weekly sessions at local schools, childcare centers and public locations such as parks, teach children the fundamentals of soccer and character lessons for life.

Award Winning

Our franchisees are not only making a difference in their communities, but they are also making a living while building a career they enjoy. Soccer Shots is consistently recognized as a best-in-class franchise system – from Entrepreneur to Inc. Magazine to being named as one of the best franchises to buy by Forbes two years in a row!

These awards showcase the financial business opportunity – but what about overall satisfaction? Soccer Shots franchisees are passionate, invested in their communities and the brand and, most importantly, happy. Soccer Shots is not only recognized as one of the top 200 franchises based purely on franchisee satisfaction (by Franchise Business Review), we also take the top spot in the child services category. Additionally, we were also named a top franchise for women and a top service franchise.

What Are You Waiting For?

Get in the game! As a franchisee, you'll be part of a community striving to reach our goal of enrolling one million children in our programs annually. If you are an entrepreneurially spirited individual interested in making a difference in the lives of children, you just might be the perfect fit!

Soccer Shots
The Children's Soccer Experience

For More Soccer Shots Information:

Benji Kennel bkennel@soccershots.org
soccershotsfranchising.com (717) 616-8587

*The information in this advertisement is not intended to be an offer of a franchise. Offers and sales of franchises are made only after registration of the franchise offering and delivery of a franchise disclosure document (as applicable) in accordance with federal and state law.

BLAST OFF!

Our annual ranking of the 150 fastest-growing franchises.

by TRACY STAPP HEROLD

PHOTOGRAPH BY SHUTTERSTOCK/OLIVIER LE MOAL

Growth is the purpose of franchising. So while it's only one of many factors that we look at in our comprehensive yearly Franchise 500 ranking, it's certainly worth putting a magnifying glass to this one important measure of franchise success. That's why every year we put together this list of franchises that have expanded rapidly in North America. The companies on this list are ranked based on their net franchise unit growth in the U.S. and Canada between July 2018 and July 2019, with ties broken based on percentage growth.

Altogether, these 150 companies added a total of 9,537 new franchise units in North America during that time period. They're an eclectic mix of concepts, from traditional services to newer trends. But looking at them as a whole provides some interesting insights: Although quick-service food franchises typically reign supreme in every ranking we do, personal-care brands actually dominate this list, starting with Supercuts in the #1 spot. There are a total of 30 personal-care franchises ranked here, a fifth of the list, and they account for more than a quarter of the total units added. That's not to say that quick service isn't still a strong category—it comes in second, with 27 companies representing almost 20 percent of the units added. But the growing strength of the personal-care category, along with others like maintenance and children's services, is evident.

Whatever industry you may be considering buying a franchise in, keep in mind that growth—though it can certainly be a sign of a healthy brand—is only one of many factors to consider. Remember as you read that this ranking is not intended as a recommendation of any particular company, and make sure you do your own thorough research to find the opportunity that's right for you.

1 Supercuts
Hair salons

TOTAL UNITS (Franchised / Co.-Owned)
2,509/374

FRANCHISE GROWTH (U.S. & Canada)
+622

STARTUP COST
$151.4K–$321K

2 Jan-Pro Franchising International
Commercial cleaning

TOTAL UNITS (Franchised / Co.-Owned)
9,155/0

FRANCHISE GROWTH (U.S. & Canada)
+364

STARTUP COST
$4.2K–$54.7K

3 Reis & Irvy's
Frozen yogurt and ice cream vending machines

TOTAL UNITS (Franchised / Co.-Owned)
315/29

FRANCHISE GROWTH (U.S. & Canada)
+302

STARTUP COST
$139.95K–$1.1M

4 Cruise Planners
Travel agencies

TOTAL UNITS (Franchised / Co.-Owned)
3,061/1

FRANCHISE GROWTH (U.S. & Canada)
+301

STARTUP COST
$2.3K–$23.6K

5 Taco Bell
Mexican food

TOTAL UNITS (Franchised / Co.-Owned)
6,662/474

FRANCHISE GROWTH (U.S. & Canada)
+275

STARTUP COST
$525.5K–$2.96M

6 Planet Fitness
Fitness clubs

TOTAL UNITS (Franchised / Co.-Owned)
1,779/80

FRANCHISE GROWTH (U.S. & Canada)
+239

STARTUP COST
$1.1M–$4.2M

7 Stratus Building Solutions
Environmentally friendly commercial cleaning

TOTAL UNITS (Franchised / Co.-Owned)
1,787/0

FRANCHISE GROWTH (U.S. & Canada)
+238

STARTUP COST
$4.5K–$72.9K

8 Dunkin'
Coffee, doughnuts, baked goods

TOTAL UNITS (Franchised / Co.-Owned)
12,957/0

FRANCHISE GROWTH (U.S. & Canada)
+235

STARTUP COST
$395.5K–$1.6M

9 Orangetheory Fitness
Group personal training

TOTAL UNITS (Franchised / Co.-Owned)
1,208/17

FRANCHISE GROWTH (U.S. & Canada)
+209

STARTUP COST
$575.4K–$1.5M

10 Goosehead Insurance Agency
Property and casualty insurance

TOTAL UNITS (Franchised / Co.-Owned)
535/0

FRANCHISE GROWTH (U.S. & Canada)
+194

STARTUP COST
$41.5K–$116.5K

11 Club Pilates Franchise
Reformer Pilates classes

TOTAL UNITS (Franchised / Co.-Owned)
553/1

FRANCHISE GROWTH (U.S. & Canada)
+186

STARTUP COST
$167.97K–$280.4K

PHOTOGRAPH BY PRESTON POWELL/ANAGO CLEANING SYSTEMS

14/ Anago Cleaning Systems

COMMERCIAL CLEANING may come across as a fairly low-tech industry, but the folks at Anago are crediting technology for helping to fuel their successful growth over the past year. In 2019, Anago launched a new proprietary app for its franchisees called CleanCom. The app allows clients to easily connect in real time with their local Anago franchisee to ask questions, report problems, request additional services, and even send photos.

12
Jersey Mike's Subs
Subs

TOTAL UNITS (Franchised / Co.-Owned)
1,520/72

FRANCHISE GROWTH (U.S. & Canada)
+173

STARTUP COST
$237.4K–$766.97K

13
F45 Training
Fitness studios

TOTAL UNITS (Franchised / Co.-Owned)
1,045/0

FRANCHISE GROWTH (U.S. & Canada)
+148

STARTUP COST
$227K–$315K

14
Anago Cleaning Systems
Commercial cleaning

TOTAL UNITS (Franchised / Co.-Owned)
1,692/0

FRANCHISE GROWTH (U.S. & Canada)
+133

STARTUP COST
$11.3K–$68.3K

15
Kona Ice
Shaved-ice trucks

TOTAL UNITS (Franchised / Co.-Owned)
1,180/19

FRANCHISE GROWTH (U.S. & Canada)
+131

STARTUP COST
$127.8K–$151.6K

16
HomeVestors of America
Home buying, repair, and selling

TOTAL UNITS (Franchised / Co.-Owned)
1,102/0

FRANCHISE GROWTH (U.S. & Canada)
+122

STARTUP COST
$56K–$426.3K

17
uBreakiFix
Electronics repairs

TOTAL UNITS (Franchised / Co.-Owned)
513/15

FRANCHISE GROWTH (U.S. & Canada)
+120

STARTUP COST
$55.4K–$236.3K

18
Code Ninjas
Computer-coding learning centers for ages 4 and up

TOTAL UNITS (Franchised / Co.-Owned)
162/3

FRANCHISE GROWTH (U.S. & Canada)
+116

STARTUP COST
$118.6K–$387.3K

19
Great Clips
Hair salons

TOTAL UNITS (Franchised / Co.-Owned)
4,371/0

FRANCHISE GROWTH (U.S. & Canada)
+110

STARTUP COST
$136.9K–$259.4K

20
Tropical Smoothie Cafe
Smoothies, salads, wraps, sandwiches, flatbreads

TOTAL UNITS (Franchised / Co.-Owned)
783/1

FRANCHISE GROWTH (U.S. & Canada)
+107

STARTUP COST
$246.5K–$580.5K

21
Mathnasium Learning Centers
Math tutoring

TOTAL UNITS (Franchised / Co.-Owned)
1,030/17

FRANCHISE GROWTH (U.S. & Canada)
+104

STARTUP COST
$112.8K–$149.1K

22
Dream Vacations
Travel agencies

TOTAL UNITS (Franchised / Co.-Owned)
1,432/0

FRANCHISE GROWTH (U.S. & Canada)
+101

STARTUP COST
$1.8K–$20.3K

PHOTOGRAPH COURTESY OF HOMEVESTORS/WE BUY UGLY HOUSES

16/ HomeVestors of America

HOMEVESTORS' GROWTH has accelerated over the past 10 years, going from less than 200 franchises in 2009 to its 1,000th opening in 2018. The company hit another milestone in 2019, with the purchase of its 100,000th house. (HomeVestors franchisees buy, renovate, and then resell homes.) And now, with the success of its "We Buy Ugly Houses" marketing campaign, HomeVestors is moving into Canada for the first time.

23
Wingstop Restaurants
Chicken wings
TOTAL UNITS (Franchised / Co.-Owned)
1,274/29
FRANCHISE GROWTH (U.S. & Canada)
+99
STARTUP COST
$374.1K–$782.4K

24
Home2 Suites by Hilton
Midprice extended-stay hotels
TOTAL UNITS (Franchised / Co.-Owned)
332/0
FRANCHISE GROWTH (U.S. & Canada)
+95
STARTUP COST
$9.1M–$17.5M

25
The UPS Store
Postal, business, printing, and communications services
TOTAL UNITS (Franchised / Co.-Owned)
5,166/0
FRANCHISE GROWTH (U.S. & Canada)
+95
STARTUP COST
$138.4K–$470K

26
Rent-A-Center
Rent-to-own furniture, electronics, computers, appliances
TOTAL UNITS (Franchised / Co.-Owned)
273/2,090
FRANCHISE GROWTH (U.S. & Canada)
+93
STARTUP COST
$355.3K–$560.2K

27
Chester's
Chicken
TOTAL UNITS (Franchised / Co.-Owned)
1,286/0
FRANCHISE GROWTH (U.S. & Canada)
+90
STARTUP COST
$12.4K–$287.6K

28
Holiday Inn and Holiday Inn Express
Hotels
TOTAL UNITS (Franchised / Co.-Owned)
4,046/3
FRANCHISE GROWTH (U.S. & Canada)
+89
STARTUP COST
$7.9M–$24.97M

29
Board & Brush Creative Studio
DIY wood-sign workshops
TOTAL UNITS (Franchised / Co.-Owned)
231/6
FRANCHISE GROWTH (U.S. & Canada)
+84
STARTUP COST
$62.3K–$89.4K

30
Profile by Sanford
Weight-loss and wellness services
TOTAL UNITS (Franchised / Co.-Owned)
102/31
FRANCHISE GROWTH (U.S. & Canada)
+77
STARTUP COST
$445K–$699.5K

31
Smoothie King
Smoothies, healthful snacks, health products
TOTAL UNITS (Franchised / Co.-Owned)
1,037/36
FRANCHISE GROWTH (U.S. & Canada)
+77
STARTUP COST
$263.6K–$844.5K

32
Anytime Fitness
Fitness centers
TOTAL UNITS (Franchised / Co.-Owned)
4,510/10
FRANCHISE GROWTH (U.S. & Canada)
+77
STARTUP COST
$76.7K–$521.4K

33
Ace Hardware
Hardware and home-improvement stores
TOTAL UNITS (Franchised / Co.-Owned)
5,179/133
FRANCHISE GROWTH (U.S. & Canada)
+73
STARTUP COST
$286K–$2.1M

34
Carstar Franchise Systems
Auto collision repair
TOTAL UNITS (Franchised / Co.-Owned)
675/2
FRANCHISE GROWTH (U.S. & Canada)
+72
STARTUP COST
$298.2K–$804.3K

35
Pizza Hut
Pizza, pasta, wings

TOTAL UNITS
(Franchised / Co.-Owned)
17,120/56

FRANCHISE GROWTH
(U.S. & Canada)
+66

STARTUP COST
$357K–$2.2M

36
Sonic Drive-In
Burgers, hot dogs, chicken sandwiches, breakfast, ice cream, beverages

TOTAL UNITS
(Franchised / Co.-Owned)
3,424/176

FRANCHISE GROWTH
(U.S. & Canada)
+64

STARTUP COST
$1.2M–$3.5M

37
SmartStyle
Family hair salons

TOTAL UNITS
(Franchised / Co.-Owned)
516/1,524

FRANCHISE GROWTH
(U.S. & Canada)
+63

STARTUP COST
$149.4K–$305.2K

38
Sport Clips
Men's sports-themed hair salons

TOTAL UNITS
(Franchised / Co.-Owned)
1,769/69

FRANCHISE GROWTH
(U.S. & Canada)
+62

STARTUP COST
$224.8K–$373.3K

39
Burn Boot Camp
Women's fitness centers

TOTAL UNITS
(Franchised / Co.-Owned)
212/4

FRANCHISE GROWTH
(U.S. & Canada)
+61

STARTUP COST
$148.8K–$353.2K

40
NextHome
Real estate

TOTAL UNITS
(Franchised / Co.-Owned)
361/0

FRANCHISE GROWTH
(U.S. & Canada)
+60

STARTUP COST
$14.5K–$212.6K

41
Fyzical Therapy & Balance Centers
Physical therapy, balance and vestibular therapy, preventive wellness services

TOTAL UNITS
(Franchised / Co.-Owned)
370/14

FRANCHISE GROWTH
(U.S. & Canada)
+60

STARTUP COST
$148.8K–$819K

42
Tutor Doctor
Tutoring

TOTAL UNITS
(Franchised / Co.-Owned)
662/0

FRANCHISE GROWTH
(U.S. & Canada)
+60

STARTUP COST
$73.3K–$100.99K

43
Budget Blinds
Window coverings, window film, rugs, accessories

TOTAL UNITS
(Franchised / Co.-Owned)
1,213/0

FRANCHISE GROWTH
(U.S. & Canada)
+59

STARTUP COST
$110.3K–$234.4K

44
Pet Wants
Natural pet-food stores/ delivery

TOTAL UNITS
(Franchised / Co.-Owned)
124/0

FRANCHISE GROWTH
(U.S. & Canada)
+55

STARTUP COST
$59.8K–$202K

45
Tide Cleaners
Dry cleaning

TOTAL UNITS
(Franchised / Co.-Owned)
136/9

FRANCHISE GROWTH
(U.S. & Canada)
+54

STARTUP COST
$682.1K–$1.6M

46
Hand and Stone Massage and Facial Spa
Massage and facial services

TOTAL UNITS
(Franchised / Co.-Owned)
433/1

FRANCHISE GROWTH
(U.S. & Canada)
+54

STARTUP COST
$532.6K–$618.3K

47
The Joint
Chiropractic services

TOTAL UNITS
(Franchised / Co.-Owned)
419/55

FRANCHISE GROWTH
(U.S. & Canada)
+52

STARTUP COST
$182.7K–$368.5K

48
The Lash Lounge Franchise
Eyelash extensions, tinting, and threading

TOTAL UNITS
(Franchised / Co.-Owned)
81/3

FRANCHISE GROWTH
(U.S. & Canada)
+51

STARTUP COST
$178.5K–$495.2K

49
Caring Transitions
Senior relocation, online auctions, and estate management

TOTAL UNITS
(Franchised / Co.-Owned)
223/0

FRANCHISE GROWTH
(U.S. & Canada)
+51

STARTUP COST
$58.9K–$82.7K

50
Red Roof
Economy hotels

TOTAL UNITS
(Franchised / Co.-Owned)
483/99

FRANCHISE GROWTH
(U.S. & Canada)
+51

STARTUP COST
$160.5K–$5.4M

51
Palm Beach Tan
Tanning

TOTAL UNITS
(Franchised / Co.-Owned)
314/227

FRANCHISE GROWTH
(U.S. & Canada)
+49

STARTUP COST
$498.3K–$802.4K

52
N-Hance Wood Refinishing
Wood cabinet and floor refinishing

TOTAL UNITS
(Franchised / Co.-Owned)
590/0

FRANCHISE GROWTH
(U.S. & Canada)
+49

STARTUP COST
$51.97K–$167K

53
9Round
Kickboxing fitness circuit-training centers

TOTAL UNITS
(Franchised / Co.-Owned)
790/7

FRANCHISE GROWTH
(U.S. & Canada)
+49

STARTUP COST
$99.7K–$143.1K

54
Urban Air Adventure Park
Adventure parks

TOTAL UNITS
(Franchised / Co.-Owned)
95/2

FRANCHISE GROWTH
(U.S. & Canada)
+48

STARTUP COST
$2.3M–$2.96M

55
Blaze Fast-Fire'd Pizza
Assembly-line pizza

TOTAL UNITS
(Franchised / Co.-Owned)
330/7

FRANCHISE GROWTH
(U.S. & Canada)
+48

STARTUP COST
$545.5K–$1.1M

56
Culver's
Frozen custard, specialty burgers

TOTAL UNITS
(Franchised / Co.-Owned)
709/6

FRANCHISE GROWTH
(U.S. & Canada)
+48

STARTUP COST
$1.97M–$4.7M

57
Valvoline Instant Oil Change
Oil changes and preventive maintenance

TOTAL UNITS
(Franchised / Co.-Owned)
750/502

FRANCHISE GROWTH
(U.S. & Canada)
+47

STARTUP COST
$174.5K–$2.5M

76/ Kumon Math & Reading Centers

KUMON WAS already one of the largest franchise brands in the world, thanks to its international presence, but in 2019 the company set a goal to double its usual number of new openings in the U.S. One way it achieved that goal was to cover up to $36,000 of franchisees' expenses, including signage, furniture, marketing, and 50 percent of the first year's rent up to $12,000. Kumon also provided its recruiters, employees, and franchisees with new tools to help them better evangelize for the franchise.

PHOTOGRAPHS COURTESY OF KUMON

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58
Hampton by Hilton
Midprice hotels

TOTAL UNITS (Franchised / Co.-Owned)
2,491/0

FRANCHISE GROWTH (U.S. & Canada)
+46

STARTUP COST
$7.7M–$20.3M

59
Mosquito Hunters
Mosquito, tick, and flea control

TOTAL UNITS (Franchised / Co.-Owned)
53/10

FRANCHISE GROWTH (U.S. & Canada)
+45

STARTUP COST
$70.1K–$85.9K

60
ASP America's Swimming Pool Co.
Swimming pool maintenance, repairs, and renovations

TOTAL UNITS (Franchised / Co.-Owned)
310/0

FRANCHISE GROWTH (U.S. & Canada)
+45

STARTUP COST
$108.1K–$145.3K

61
Tru by Hilton
Hotels

TOTAL UNITS (Franchised / Co.-Owned)
77/0

FRANCHISE GROWTH (U.S. & Canada)
+44

STARTUP COST
$8.3M–$13.5M

62
CPR Cell Phone Repair
Electronics repairs and sales

TOTAL UNITS (Franchised / Co.-Owned)
565/6

FRANCHISE GROWTH (U.S. & Canada)
+44

STARTUP COST
$55.7K–$170.5K

63
Totally Nutz
Cinnamon-glazed almonds, pecans, and cashews

TOTAL UNITS (Franchised / Co.-Owned)
77/13

FRANCHISE GROWTH (U.S. & Canada)
+43

STARTUP COST
$59.9K–$216K

64
Realty One Group
Real estate

TOTAL UNITS (Franchised / Co.-Owned)
142/11

FRANCHISE GROWTH (U.S. & Canada)
+43

STARTUP COST
$49.3K–$222.5K

65
911 Restoration
Residential and commercial property restoration

TOTAL UNITS (Franchised / Co.-Owned)
204/0

FRANCHISE GROWTH (U.S. & Canada)
+43

STARTUP COST
$70.1K–$226.9K

66
Nothing Bundt Cakes
Bundt cakes and gifts

TOTAL UNITS (Franchised / Co.-Owned)
301/6

FRANCHISE GROWTH (U.S. & Canada)
+42

STARTUP COST
$431.6K–$600.4K

67
Sola Salon Studios
Salon suites

TOTAL UNITS (Franchised / Co.-Owned)
436/25

FRANCHISE GROWTH (U.S. & Canada)
+42

STARTUP COST
$531.2K–$1.7M

68
AR Workshop
DIY workshops

TOTAL UNITS (Franchised / Co.-Owned)
115/4

FRANCHISE GROWTH (U.S. & Canada)
+40

STARTUP COST
$62.9K–$116.8K

69
Crunch Franchise
Fitness centers

TOTAL UNITS (Franchised / Co.-Owned)
255/25

FRANCHISE GROWTH (U.S. & Canada)
+40

STARTUP COST
$255.5K–$2.3M

70
Conserva Irrigation
Irrigation repair, maintenance, and efficiency upgrades
TOTAL UNITS (Franchised / Co.-Owned)
81/4
FRANCHISE GROWTH (U.S. & Canada)
+39
STARTUP COST
$29K–$87.3K

71
Motto Mortgage
Mortgage brokerages
TOTAL UNITS (Franchised / Co.-Owned)
100/0
FRANCHISE GROWTH (U.S. & Canada)
+39
STARTUP COST
$47.8K–$68.1K

72
1-800 Water Damage
Restoration
TOTAL UNITS (Franchised / Co.-Owned)
89/7
FRANCHISE GROWTH (U.S. & Canada)
+38
STARTUP COST
$132.1K–$206.7K

73
Property Management Inc.
Commercial, residential, association, and vacation property management
TOTAL UNITS (Franchised / Co.-Owned)
247/1
FRANCHISE GROWTH (U.S. & Canada)
+38
STARTUP COST
$22.8K–$175.1K

74
Mr. Appliance
Residential and commercial appliance installation and repairs
TOTAL UNITS (Franchised / Co.-Owned)
268/0
FRANCHISE GROWTH (U.S. & Canada)
+38
STARTUP COST
$60.8K–$139.5K

75
Firehouse Subs
Subs
TOTAL UNITS (Franchised / Co.-Owned)
1,136/38
FRANCHISE GROWTH (U.S. & Canada)
+38
STARTUP COST
$160.6K–$995.99K

76
Kumon Math & Reading Centers
Supplemental education
TOTAL UNITS (Franchised / Co.-Owned)
26,256/22
FRANCHISE GROWTH (U.S. & Canada)
+38
STARTUP COST
$73.4K–$154.8K

77
Card My Yard
Special-occasion yard signs
TOTAL UNITS (Franchised / Co.-Owned)
119/2
FRANCHISE GROWTH (U.S. & Canada)
+37
STARTUP COST
$3.7K–$12.8K

78
StretchLab Franchise
Assisted stretching classes and related therapy services
TOTAL UNITS (Franchised / Co.-Owned)
36/0
FRANCHISE GROWTH (U.S. & Canada)
+36
STARTUP COST
$169.3K–$248.1K

79
Restoration 1
Water, fire, smoke, and mold restoration
TOTAL UNITS (Franchised / Co.-Owned)
201/0
FRANCHISE GROWTH (U.S. & Canada)
+35
STARTUP COST
$79.1K–$183.4K

80
Freddy's Frozen Custard & Steakburgers
Frozen custard, steakburgers, hot dogs
TOTAL UNITS (Franchised / Co.-Owned)
324/27
FRANCHISE GROWTH (U.S. & Canada)
+35
STARTUP COST
$590.5K–$1.99M

81
The Maids
Residential cleaning
TOTAL UNITS (Franchised / Co.-Owned)
1,278/174
FRANCHISE GROWTH (U.S. & Canada)
+35
STARTUP COST
$63.3K–$141.2K

82
Clean Juice
Organic juices, smoothies, acai bowls

TOTAL UNITS
(Franchised / Co.-Owned)
70/7

FRANCHISE GROWTH
(U.S. & Canada)
+34

STARTUP COST
$259K–$502.5K

83
Nekter Juice Bar
Juices, smoothies, acai bowls, non-dairy ice cream

TOTAL UNITS
(Franchised / Co.-Owned)
103/42

FRANCHISE GROWTH
(U.S. & Canada)
+34

STARTUP COST
$254.5K–$466.6K

84
Scooter's Coffee
Coffee, espresso, smoothies, pastries, breakfast items

TOTAL UNITS
(Franchised / Co.-Owned)
205/20

FRANCHISE GROWTH
(U.S. & Canada)
+34

STARTUP COST
$331K–$638K

85
Assisted Living Locators
Senior-care referrals and senior-living placement

TOTAL UNITS
(Franchised / Co.-Owned)
113/2

FRANCHISE GROWTH
(U.S. & Canada)
+33

STARTUP COST
$68.5K–$78.1K

86
TeamLogic IT
IT managed services for businesses

TOTAL UNITS
(Franchised / Co.-Owned)
176/0

FRANCHISE GROWTH
(U.S. & Canada)
+33

STARTUP COST
$104.8K–$143.3K

PHOTOGRAPH COURTESY OF DELTA RESTORATION SERVICES

92/ Delta Restoration Services

THIS RESTORATION franchise has been around since 2010, but its growth has really taken off since its acquisition in 2018 by HRI, the franchisor of Chem-Dry Carpet & Upholstery Cleaning and N-Hance Wood Refinishing, and subsequent rebranding in 2019 from Delta Disaster Services to Delta Restoration Services. Some of that growth is thanks to several Chem-Dry franchisees, who were already offering some restoration services, adding Delta franchises to their portfolio.

87
Estrella Insurance
Auto, home, and business insurance
TOTAL UNITS (Franchised / Co.-Owned)
152/0
FRANCHISE GROWTH (U.S. & Canada)
+32
STARTUP COST
$12.3K–$84K

88
Mint Condition Franchising
Commercial cleaning, building maintenance
TOTAL UNITS (Franchised / Co.-Owned)
376/0
FRANCHISE GROWTH (U.S. & Canada)
+32
STARTUP COST
$4.6K–$32.4K

89
Cost Cutters Family Hair Care
Family hair salons
TOTAL UNITS (Franchised / Co.-Owned)
405/203
FRANCHISE GROWTH (U.S. & Canada)
+32
STARTUP COST
$148.9K–$316.7K

90
Hilton Garden Inn
Upscale midprice hotels
TOTAL UNITS (Franchised / Co.-Owned)
841/0
FRANCHISE GROWTH (U.S. & Canada)
+32
STARTUP COST
$13M–$27.1M

91
Arby's
Sandwiches, fries, shakes
TOTAL UNITS (Franchised / Co.-Owned)
2,355/1,137
FRANCHISE GROWTH (U.S. & Canada)
+32
STARTUP COST
$320.6K–$2M

92
Delta Restoration Services
Insurance/disaster restoration
TOTAL UNITS (Franchised / Co.-Owned)
38/1
FRANCHISE GROWTH (U.S. & Canada)
+31
STARTUP COST
$129.7K–$269.5K

93
Deka Lash
Eyelash extensions
TOTAL UNITS (Franchised / Co.-Owned)
60/0
FRANCHISE GROWTH (U.S. & Canada)
+31
STARTUP COST
$179.3K–$426.5K

94
Fresh Coat
Residential and commercial painting
TOTAL UNITS (Franchised / Co.-Owned)
162/0
FRANCHISE GROWTH (U.S. & Canada)
+31
STARTUP COST
$53.9K–$76.8K

95
Amazing Lash Studio
Eyelash-extension salons
TOTAL UNITS (Franchised / Co.-Owned)
222/7
FRANCHISE GROWTH (U.S. & Canada)
+31
STARTUP COST
$224.7K–$482.5K

96
Pure Barre
Barre fitness classes and apparel
TOTAL UNITS (Franchised / Co.-Owned)
517/7
FRANCHISE GROWTH (U.S. & Canada)
+31
STARTUP COST
$198.7K–$446.3K

97
My Salon Suite/ Salon Plaza
Salon suites
TOTAL UNITS (Franchised / Co.-Owned)
100/29
FRANCHISE GROWTH (U.S. & Canada)
+30
STARTUP COST
$582.2K–$1.5M

98
Motel 6
Economy hotels
TOTAL UNITS (Franchised / Co.-Owned)
937/309
FRANCHISE GROWTH (U.S. & Canada)
+29
STARTUP COST
$206.9K–$8.8M

93/ Deka Lash

DEKA LASH didn't just grow fast in 2019—it also made things faster for its customers. The company launched a new service called TrueXpress, which allows clients to get lash extensions in half the time of its traditional method—and thus will also make it possible for franchisees to serve more clients. The brand expects to ramp up its growth even further this year because of innovations like this, with 35 openings projected for 2020, including its first franchises in Canada.

PHOTOGRPAH BY KAELA SPEICH PHOTOGRAPHY/DEKA LASH

99
Snapology
STEAM education programs

TOTAL UNITS (Franchised / Co.-Owned)
142/2

FRANCHISE GROWTH (U.S. & Canada)
+28

STARTUP COST
$40.4K–$214.9K

100
Kiddie Academy
Educational childcare

TOTAL UNITS (Franchised / Co.-Owned)
233/1

FRANCHISE GROWTH (U.S. & Canada)
+28

STARTUP COST
$425K–$4.2M

101
CMIT Solutions
IT and business services for SMBs

TOTAL UNITS (Franchised / Co.-Owned)
233/0

FRANCHISE GROWTH (U.S. & Canada)
+28

STARTUP COST
$127.97K–$175.4K

102
European Wax Center
Body waxing services, skin and beauty products

TOTAL UNITS (Franchised / Co.-Owned)
725/5

FRANCHISE GROWTH (U.S. & Canada)
+28

STARTUP COST
$359.7K–$564.5K

103
Servpro
Fire, water, and other damage cleanup and restoration

TOTAL UNITS (Franchised / Co.-Owned)
1,715/0

FRANCHISE GROWTH (U.S. & Canada)
+28

STARTUP COST
$160.1K–$213.95K

104
Lendio Franchising
Small-business financing

TOTAL UNITS (Franchised / Co.-Owned)
69/0

FRANCHISE GROWTH (U.S. & Canada)
+27

STARTUP COST
$30.2K–$117.1K

105
Goddard Systems
Preschool/educational childcare

TOTAL UNITS (Franchised / Co.-Owned)
509/0

FRANCHISE GROWTH (U.S. & Canada)
+27

STARTUP COST
$653.8K–$814.5K

106
Rooter-Man
Plumbing, drain, and sewer cleaning

TOTAL UNITS (Franchised / Co.-Owned)
666/29

FRANCHISE GROWTH (U.S. & Canada)
+27

STARTUP COST
$46.8K–$137.6K

107
Frios Gourmet Pops
Popsicles

TOTAL UNITS (Franchised / Co.-Owned)
33/2

FRANCHISE GROWTH (U.S. & Canada)
+26

STARTUP COST
$27.2K–$186.95K

108
Pokeworks
Poke

TOTAL UNITS (Franchised / Co.-Owned)
35/11

FRANCHISE GROWTH (U.S. & Canada)
+26

STARTUP COST
$273K–$711K

109
Bio-One
Crime-scene and trauma-scene cleaning

TOTAL UNITS (Franchised / Co.-Owned)
88/0

FRANCHISE GROWTH (U.S. & Canada)
+26

STARTUP COST
$80.98K–$127.5K

110
Dogtopia
Dog daycare, boarding, and spa services

TOTAL UNITS (Franchised / Co.-Owned)
95/10

FRANCHISE GROWTH (U.S. & Canada)
+26

STARTUP COST
$757.3K–$1.6M

150/ Challenge Island

THERE ARE A NUMBER of STEM and STEAM enrichment franchises—including three on this list—but one thing that makes Challenge Island stand out from the competition is what it lacks. You'll find no screens or digital devices in a Challenge Island after-school class, camp, or family night. Instead, kids, working in tribes, are encouraged to use imagination, teamwork, and problem-solving skills to come up with creative solutions to challenges using only a treasure chest full of low-tech art supplies.

PHOTOGRAPH COURTESY OF CHALLENGE ISLAND

111
Destination Athlete
Youth athletic equipment, apparel, fundraising, and other services

TOTAL UNITS (Franchised / Co.-Owned)
96/2

FRANCHISE GROWTH (U.S. & Canada)
+26

STARTUP COST
$28.3K–$120.1K

112
Cinnabon
Cinnamon rolls, baked goods, coffee

TOTAL UNITS (Franchised / Co.-Owned)
1,539/1

FRANCHISE GROWTH (U.S. & Canada)
+26

STARTUP COST
$108.5K–$368.1K

113
Orion Food Systems
Fast-food systems for nontraditional markets

TOTAL UNITS (Franchised / Co.-Owned)
1,032/0

FRANCHISE GROWTH (U.S. & Canada)
+26

STARTUP COST
$59.5K–$140K

114
Jimmy John's Gourmet Sandwiches
Sandwiches

TOTAL UNITS (Franchised / Co.-Owned)
2,763/55

FRANCHISE GROWTH (U.S. & Canada)
+26

STARTUP COST
$313.6K–$566.1K

115
Brightway Insurance
Property and casualty insurance

TOTAL UNITS (Franchised / Co.-Owned)
190/1

FRANCHISE GROWTH (U.S. & Canada)
+25

STARTUP COST
$42.3K–$178.9K

116
Embassy Suites by Hilton
Upscale all-suite hotels

TOTAL UNITS (Franchised / Co.-Owned)
253/0

FRANCHISE GROWTH (U.S. & Canada)
+25

STARTUP COST
$17.9M–$85.5M

117
Signal 88 Security
Private security guard and patrol services

TOTAL UNITS (Franchised / Co.-Owned)
430/0

FRANCHISE GROWTH (U.S. & Canada)
+25

STARTUP COST
$61.95K–$218.7K

118
Modern Acupuncture
Acupuncture

TOTAL UNITS (Franchised / Co.-Owned)
47/0

FRANCHISE GROWTH (U.S. & Canada)
+24

STARTUP COST
$255.4K–$663.8K

119
GarageExperts
Garage cabinets, floor coatings, organization products

TOTAL UNITS (Franchised / Co.-Owned)
90/0

FRANCHISE GROWTH (U.S. & Canada)
+24

STARTUP COST
$51.5K–$146K

120
HomeSmart International
Residential real estate

TOTAL UNITS (Franchised / Co.-Owned)
125/40

FRANCHISE GROWTH (U.S. & Canada)
+24

STARTUP COST
$65.5K–$205K

121
Ziebart
Auto appearance and protection services

TOTAL UNITS (Franchised / Co.-Owned)
376/12

FRANCHISE GROWTH (U.S. & Canada)
+24

STARTUP COST
$291.8K–$463.1K

122
Charleys Philly Steaks
Philly cheesesteaks, fries, lemonade

TOTAL UNITS (Franchised / Co.-Owned)
562/59

FRANCHISE GROWTH (U.S. & Canada)
+24

STARTUP COST
$253.2K–$582.3K

123
Homewood Suites by Hilton
Upscale extended-stay hotels

TOTAL UNITS (Franchised / Co.-Owned)
492/0

FRANCHISE GROWTH (U.S. & Canada)
+24

STARTUP COST
$12.3M–$25.97M

124
Express Employment Professionals
Staffing, HR solutions

TOTAL UNITS (Franchised / Co.-Owned)
800/0

FRANCHISE GROWTH (U.S. & Canada)
+24

STARTUP COST
$140K–$211K

125
Freedom Boat Club
Membership boat clubs

TOTAL UNITS (Franchised / Co.-Owned)
174/22

FRANCHISE GROWTH (U.S. & Canada)
+23

STARTUP COST
$149.2K–$458.7K

126
GYMGUYZ
Mobile personal training

TOTAL UNITS (Franchised / Co.-Owned)
218/22

FRANCHISE GROWTH (U.S. & Canada)
+23

STARTUP COST
$56.1K–$121.7K

127
Soccer Shots Franchising
Soccer programs for ages 2 to 8

TOTAL UNITS (Franchised / Co.-Owned)
223/9

FRANCHISE GROWTH (U.S. & Canada)
+23

STARTUP COST
$41K–$53.95K

128
AdvantaClean
Restoration

TOTAL UNITS (Franchised / Co.-Owned)
227/0

FRANCHISE GROWTH (U.S. & Canada)
+23

STARTUP COST
$113.1K–$244.95K

129
Primrose School Franchising
Educational childcare

TOTAL UNITS (Franchised / Co.-Owned)
405/0

FRANCHISE GROWTH (U.S. & Canada)
+23

STARTUP COST
$637.9K–$6.4M

130
McAlister's Deli
Sandwiches, salads, baked potatoes

TOTAL UNITS (Franchised / Co.-Owned)
423/29

FRANCHISE GROWTH (U.S. & Canada)
+23

STARTUP COST
$772K–$2.1M

131
Hommati
3D tours, aerial videos, photography, augmented reality, and other services for real estate agents

TOTAL UNITS (Franchised / Co.-Owned)
60/0

FRANCHISE GROWTH (U.S. & Canada)
+22

STARTUP COST
$42.9K–$52.9K

132
360 Painting
Residential and commercial painting

TOTAL UNITS (Franchised / Co.-Owned)
133/0

FRANCHISE GROWTH (U.S. & Canada)
+22

STARTUP COST
$90.5K–$132.5K

133
Del Taco Fresh Mexican Grill
Mexican/American food

TOTAL UNITS (Franchised / Co.-Owned)
274/312

FRANCHISE GROWTH (U.S. & Canada)
+22

STARTUP COST
$859.7K–$2.1M

134
PuroClean
Property damage restoration and remediation

TOTAL UNITS (Franchised / Co.-Owned)
285/0

FRANCHISE GROWTH (U.S. & Canada)
+22

STARTUP COST
$72.8K–$192.6K

135
YogaSix
Yoga studios

TOTAL UNITS (Franchised / Co.-Owned)
21/0

FRANCHISE GROWTH (U.S. & Canada)
+21

STARTUP COST
$283.3K–$452.8K

136
TruBlue Total House Care
Home repair services, lawn care, and house cleaning

TOTAL UNITS (Franchised / Co.-Owned)
40/0

FRANCHISE GROWTH (U.S. & Canada)
+21

STARTUP COST
$61.9K–$81K

137
Pro Clean USA
Commercial cleaning and maintenance

TOTAL UNITS (Franchised / Co.-Owned)
86/3

FRANCHISE GROWTH (U.S. & Canada)
+21

STARTUP COST
$3.5K–$50.4K

138
Staybridge Suites
Suite hotels

TOTAL UNITS (Franchised / Co.-Owned)
292/0

FRANCHISE GROWTH (U.S. & Canada)
+21

STARTUP COST
$11.3M–$15.5M

139
ACFN
Automated teller machines

TOTAL UNITS (Franchised / Co.-Owned)
277/0

FRANCHISE GROWTH (U.S. & Canada)
+21

STARTUP COST
$39.1K–$64K

140
RE/MAX
Real estate

TOTAL UNITS (Franchised / Co.-Owned)
8,361/0

FRANCHISE GROWTH (U.S. & Canada)
+21

STARTUP COST
$40K–$284K

141
Goldfish Swim School Franchising
Infant and child swimming lessons

TOTAL UNITS (Franchised / Co.-Owned)
89/1

FRANCHISE GROWTH (U.S. & Canada)
+20

STARTUP COST
$1.4M–$3.2M

142
CycleBar
Indoor cycling classes

TOTAL UNITS (Franchised / Co.-Owned)
170/0

FRANCHISE GROWTH (U.S. & Canada)
+20

STARTUP COST
$319.2K–$497.2K

143
The Learning Experience Academy of Early Education
Preschool/educational childcare

TOTAL UNITS (Franchised / Co.-Owned)
212/23

FRANCHISE GROWTH (U.S. & Canada)
+20

STARTUP COST
$494.4K–$3.6M

144
Phenix Salon Suites Franchising
Salon suites

TOTAL UNITS (Franchised / Co.-Owned)
247/3

FRANCHISE GROWTH (U.S. & Canada)
+20

STARTUP COST
$330.9K–$1.4M

145
Transworld Business Advisors
Business brokerages; franchise consulting

TOTAL UNITS (Franchised / Co.-Owned)
294/1

FRANCHISE GROWTH (U.S. & Canada)
+20

STARTUP COST
$74.9K–$97.2K

146
7-Eleven
Convenience stores

TOTAL UNITS (Franchised / Co.-Owned)
66,307/2,382

FRANCHISE GROWTH (U.S. & Canada)
+20

STARTUP COST
$47.1K–$1.2M

147
Frenchies Modern Nail Care
Manicure and pedicure studios

TOTAL UNITS (Franchised / Co.-Owned)
23/1

FRANCHISE GROWTH (U.S. & Canada)
+19

STARTUP COST
$243.5K–$418.3K

148
Fitness Machine Technicians (FMT)
Exercise equipment service and repairs

TOTAL UNITS (Franchised / Co.-Owned)
24/1

FRANCHISE GROWTH (U.S. & Canada)
+19

STARTUP COST
$67.9K–$109.9K

149
D-BAT Academies
Indoor baseball and softball training, batting cages, merchandise

TOTAL UNITS (Franchised / Co.-Owned)
80/0

FRANCHISE GROWTH (U.S. & Canada)
+19

STARTUP COST
$398K–$699.98K

150
Challenge Island
Educational enrichment programs

TOTAL UNITS (Franchised / Co.-Owned)
101/3

FRANCHISE GROWTH (U.S. & Canada)
+19

STARTUP COST
$48.3K–$62.95K

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→ MAKING WAVES
The submarine where Stollmeyer became a better leader.

Learning Under Pressure

by Rick Stollmeyer, cofounder and CEO, Mindbody

I spent a big portion of my 20s underwater—but not in the emotional sense. Back in the early '90s, I was a submarine officer, serving at the end of the Cold War.

I was 24 when I reported for duty on the *USS Chicago*, a fast-attack nuclear submarine. I was put in charge of 13 men, and despite my extensive training, nothing could have fully prepared me for the intensity of my role.

A month into a mission, the ship's turbine generators started giving us trouble, and it was my responsibility to get them fixed. The ship's engineer—who was my boss—proposed a solution, but the chief petty officer wanted a different resolution. Wanting to impress my supervisor and resolve the situation quickly, I ordered the chief petty officer to fix it the engineer's way, shutting down the conversation and overlooking the officer's years of expertise.

The quick fix turned out to be the right decision for the ship, but it was one I quickly regretted. The chief petty officer was highly respected by the crew, and though I technically outranked him, I was the greenest officer on the ship. I should have taken more time to understand his point of view. I could have arranged a meeting with him and the engineer so we could work through the problem together. Instead, I undermined him and damaged our relationship.

I never wanted to make that kind of mistake again.

I left the Navy as a lieutenant in 1993, and as a parting gift, my shipmates gave me a photograph of our submarine, complete with their signatures and inside jokes scrawled across it. I kept it with me as I entered a corporate career in engineering, where I quickly learned that in business, leaders often make similar mistakes, deciding too quickly on a course of action without gathering information and support from the folks who have to carry out that decision.

In life, we tend to learn more from bad leadership examples than from good ones, and we learn the most from our own bad decisions. As my career evolved, my photograph of the *USS Chicago* became my daily reminder of how to make better decisions. In 2001, when I cofounded Mindbody, a technology platform that connects people to wellness, that daily reminder became more important than ever.

Today, as CEO of Mindbody, I'm responsible for more than 2,000 team members serving more than 60,000 businesses globally. Decisions have to be quick and intentional. We're nearly two decades in, but it's still challenging to get things right every day. That's why the photo of the submarine now hangs prominently in a Navy-themed room in my house. It inspires me to be the best leader I can be and make decisions thoughtfully—no matter the pressure or circumstances.

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 BY JP GREENWOOD