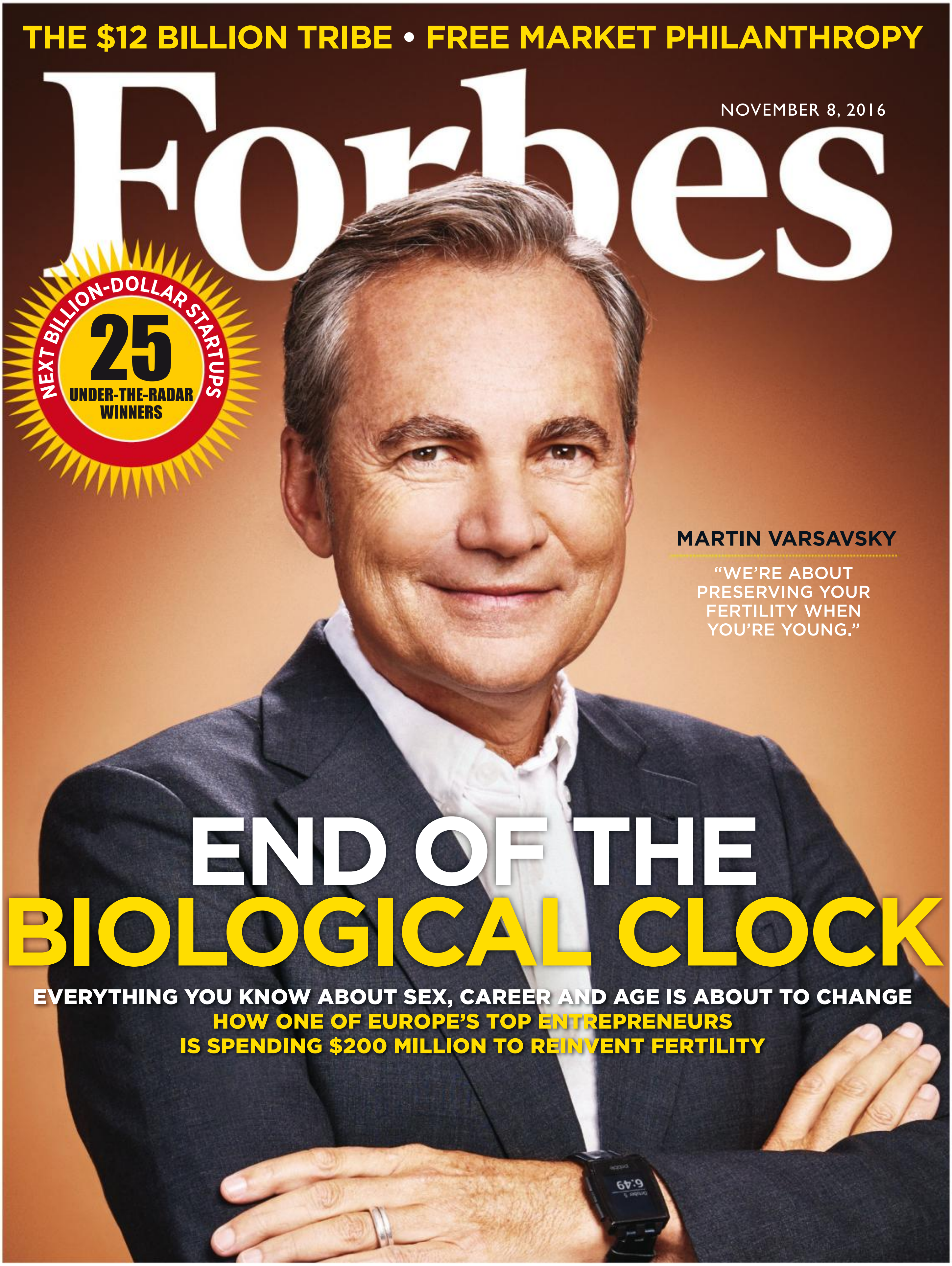
THE $12 BILLION TRIBE • FREE MARKET PHILANTHROPY

Forbes

NOVEMBER 8, 2016



NEXT BILLION-DOLLAR STARTUPS
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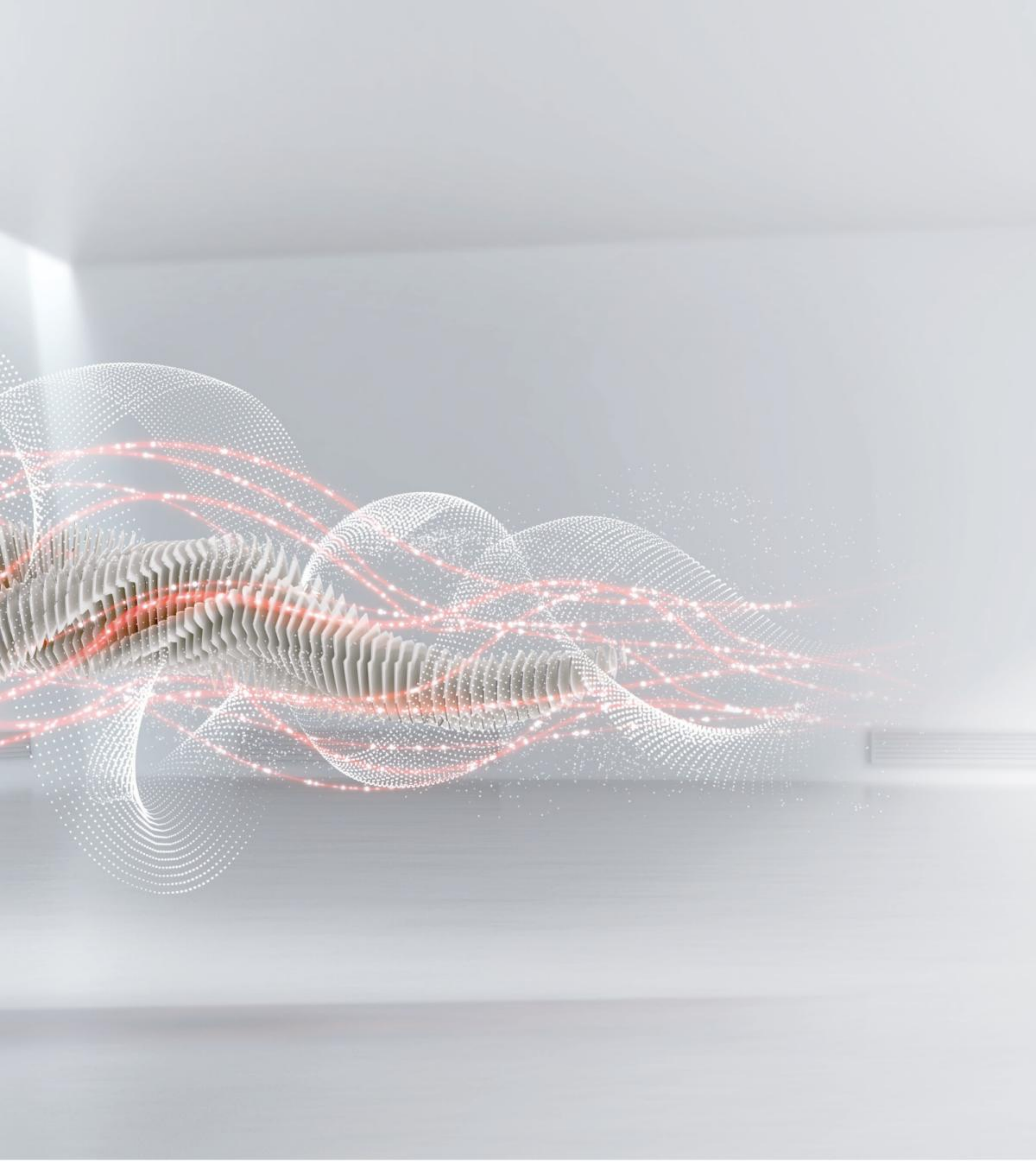

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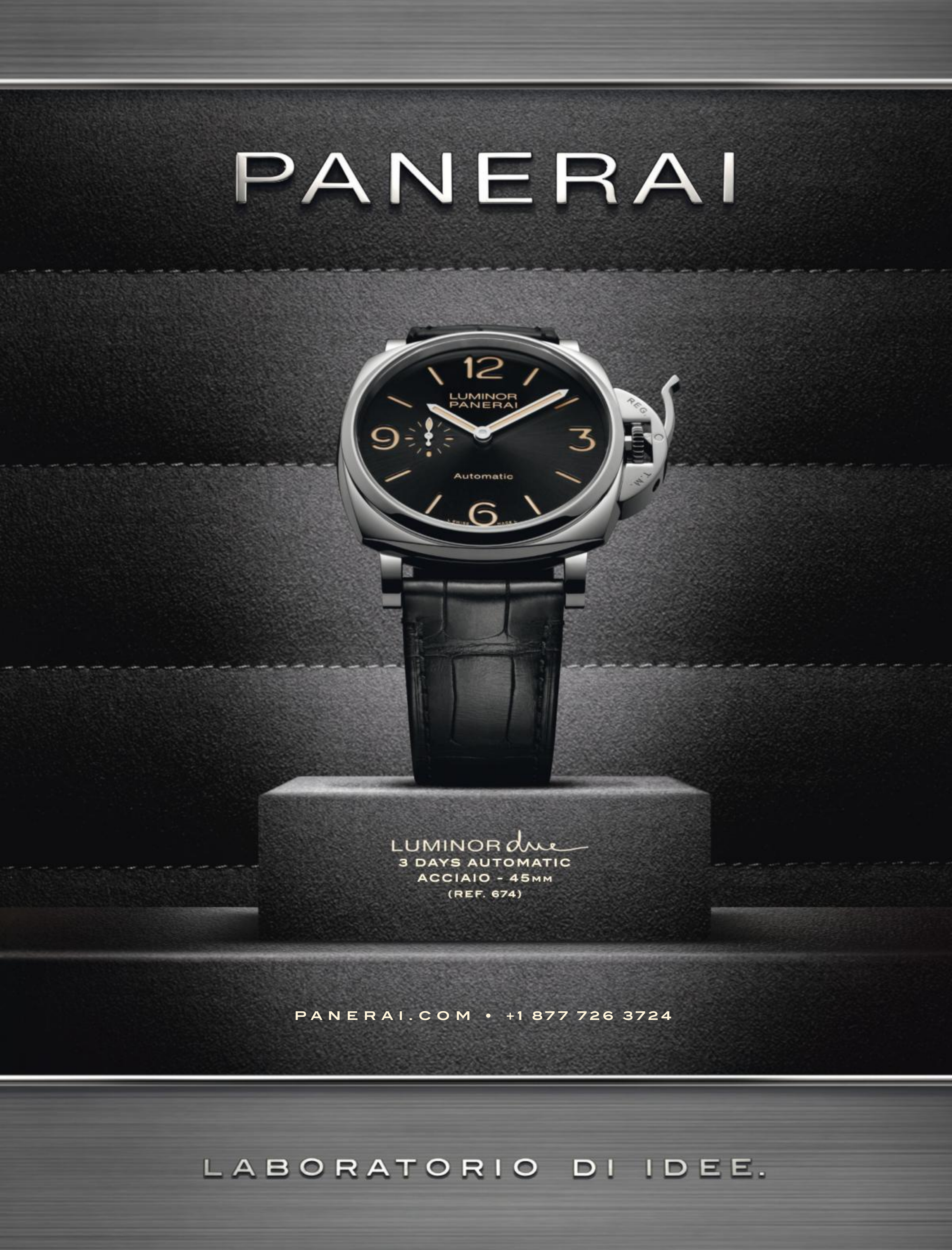
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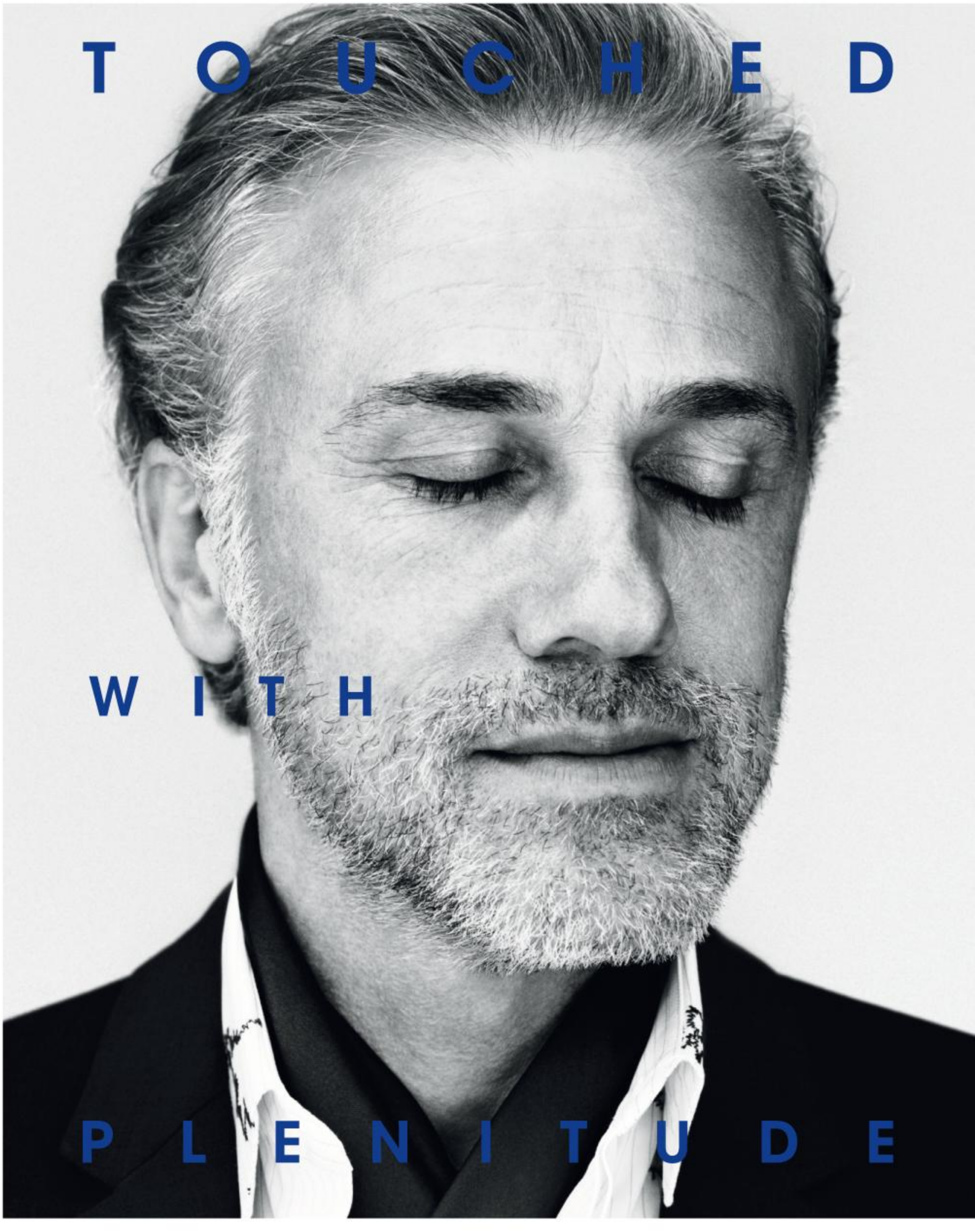
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?

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Forbes

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JAMEL TOPPIN FOR FORBES.
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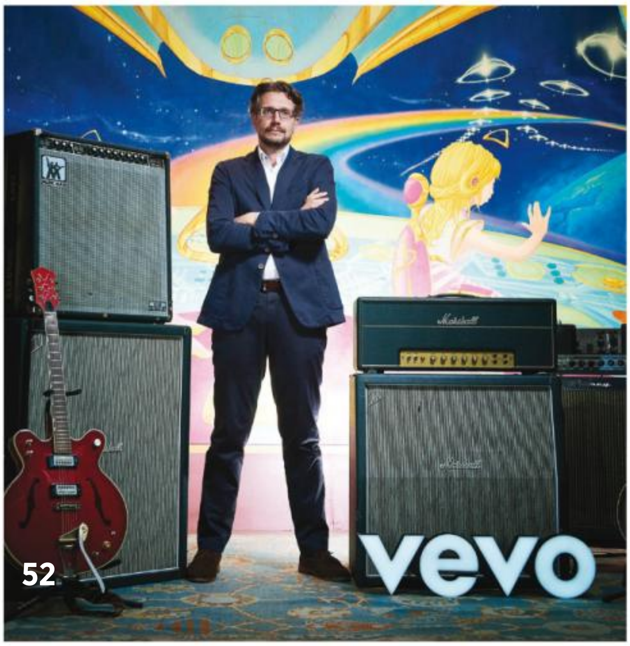
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INSIDE SCOOP

Our Mobile World At Lightning Speed

BY LEWIS D'VORKIN

THE CATCHPHRASE "mobile first" has always bugged me. News companies started banging that drum five years ago. There was a problem: Not one had a true mobile product or a business strategy to back up the hype. What's more, newsrooms didn't want to produce news for small screens. Today our industry is actually doing something, forced into action by Google and Facebook. In the name of the consumer, the duopoly is focused on speed. The faster a screen loads, the better. To keep pace, news outlets are releasing faster pages, even if they look like they did before.

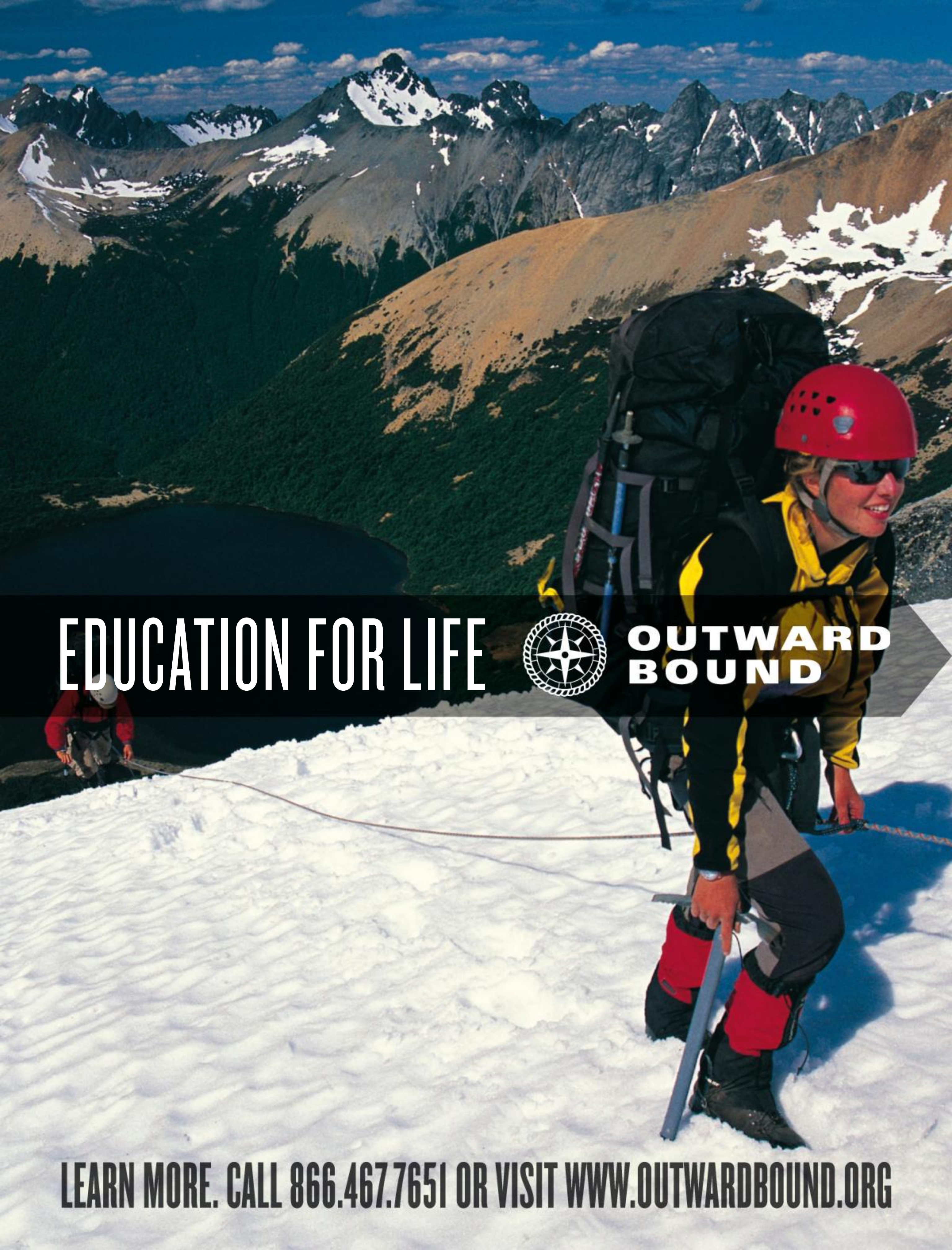
FORBES is in the speed game too. In industry parlance, we're testing a Progressive Web App. It's lightning fast. While doing that we're experimenting with packaging information the way mobile consumers want it—in streamlined text and video story formats and visually appealing single-screen modules. Every day our journalists, steeped in long-form content, are learning the new ways of mobile storytelling.

We're also working to reduce the load of our current article pages by 60%. How? Instead of using off-the-shelf performance-measurement tools, we're literally counting the 1's and 0's coming into our servers. This fundamental approach of examining what we do from the bottom up will help us maximize our response time to a visitor's request to send data through our digital story templates.

The mobile universe is also about native apps built specifically for the iOS or Android phone. We didn't turn Forbes.com into an app. Consumers prefer apps that are utility-driven, not content-driven. So, we built a community app, at first for members of our rapidly growing FORBES 30 Under 30 list to connect with one another. We're introducing a slick update in mid-October in Boston, where 5,000 people will gather for our third annual 30 Under 30 Summit, a multistage affair across the city. With one app, attendees can be tied to happenings on one stage and also feel part of what's happening on the other stages, too. So, communities within communities.

Now comes Forbes Connect, a white-label version of our Under 30 app for private and professional groups. After months of testing, we're turning it into a product that others can license to create mini-Facebooks for their memberships. For us it's a distribution network for the content we produce that's germane to each community.

A product. A business. Truly mobile first.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OBAMA'S FEEBLE APOLOGIA FOR THE ECONOMY

BY STEVE FORBES, EDITOR-IN-CHIEF

PRESIDENT OBAMA HAS written an "open letter" of several thousand words to *The Economist* about capitalism, immigration, the economy and the economic areas on which his successor should focus.

The whole thing encapsulates the wrongheaded and obstinately held thinking that has brought the U.S. and the world economies to a near halt. The duration of the stagnation—and the feeling that there really is no end in sight—is breeding increasingly ugly politics.

The essay also has its share of Obama's trademark disingenuousness that has fanned the political divisiveness that he so piously denounces. For instance, he declares that "capitalism has been the greatest driver of prosperity and opportunity the world has ever known." Yet as President of the U.S., the bastion of free enterprise, he has successfully pursued a socialist agenda that has Karl Marx applauding from the grave.

Smart socialists years ago recognized that government doesn't need to seize "the means of production" to control the economy. Instituting sweeping and intrusive rules and regulations that make the survival of whole industries and companies dependent on the whims of government bureaucrats is sufficient. Finance is the lifeblood of an economy, yet banks have been subjugated by the Dodd-Frank Act. Regulators are also using that legislation to try to rope in insurance companies, mutual funds and any other entities that deal in finance to garner more control for Washington. The Federal Reserve has engaged in a regime of credit allocation that has led to the credit malnutrition of small and new businesses. With no authority it has given itself a bond portfolio totaling some $4.2 trillion.

We also see what the horrific so-called Affordable Care Act is doing to health care, which encompasses almost 20% of the economy. Fossil fuels have been under relentless bureaucratic attack. Colleges and universities jump to attention whenever a Washington agency sends a mere "advisory" letter; such letters have been used to gut due process regarding all sorts of alleged offenses, the result of which stifles free speech and promotes thought control. For-profit educational institutions have been targeted for extinction. The IRS continues to suppress groups deemed hostile to Big Government. Obama never misses an opportunity to advance his goal of federal control of local law enforcement. Even the Internet—the most dynamic force in modern time precisely because it's been free from government control—is being brought to heel with 1930s-style FCC regulation. And on and on it goes.

Is it any wonder that for the first time in memory the creation of new businesses lags the closing of existing ones? Or that the economic recovery from the sharp 2008–09 downturn has been the worst in U.S. history?

Despite the most serious and unrelenting attempt in our history to give the economy a socialist overhaul, the President's wordy missive states that "the economy is not an abstraction. It cannot simply be redesigned wholesale and put back together again without real consequences for real people." Yes, and you can keep your doctor, too.

Regardless, Obama's real feelings about free markets come through: "Economists have long recognized that markets, left to their own devices, can fail. This can happen through the tendency toward monopoly and rent-seeking.... More fundamentally, a capitalism shaped by the few and unaccountable to the many is a threat to all."

Free markets don't fail. Bad government policies fail. Every major economic disaster has at its source government error. A global trade war triggered by the U.S. Smoot-Hawley Tariff, followed by enormous tax increases, gave us the Great Depression. Our destruction of the gold standard gave the U.S. the horrific inflation of the 1970s. The deliberate weakening of the dollar in the early part of the last decade and other regulatory mistakes begat the housing and commodities bubbles that led to the 2008–09 crisis. Barack Obama and the Federal Reserve's nonstop antigrowth policies have stifled economic life since 2009.

Obama rolls out an old trope from the 1960s about the alleged crisis of rising expectations. "Just as the child in a slum can see the skyscraper nearby, technology allows anyone with a smartphone to see how the most privileged live. Expectations rise faster than governments can deliver and a pervasive sense of injustice undermines peoples' faith in the system."

Governments don't create wealth—people do. If governments don't stand in the way, free markets always turn scarcity into abundance and luxuries into commodities. Take the smartphone Obama mentions. The original cellphone—with only a voice feature—cost $3,995 30 years ago. Today a feature-rich mobile device costs less than a twentieth of that.

After patting himself on the back for mythical economic successes, Obama asks the question, "So where does my successor go from here?"

His answer is to prescribe more of the same—just as doctors of old, when their patients became more ill, prescribed more bleeding. More taxes; more government spending (which Obama now calls "fiscal expansion"); more regulation (which Obama euphemistically labels as "better oversight for a range of institutions and markets"), including mandatory paid leave for parents and guaranteed sick days; more subsidies; more unemployment insurance; more government-funded job training; a higher minimum wage (which, as states and cities that have already instituted this are discovering, ends up killing jobs for the least skilled); and stronger and bigger unions (ignoring how they helped undermine such legacy industries as steel and autos).

Obama throws in some new beauties, such as "providing wage insurance for workers who cannot get a new job that pays as much as their old one" and "preventing colleges from pricing out hardworking students."

Naturally, like most politicians and economists these days, Obama believes that economies are like machines and can be controlled by a "proper" mix of monetary and fiscal policies. That's bunk. What the U.S. and most other countries need are structural reforms in taxes, spending and regulation.

Free market economies will enable more and more people to achieve an ever higher standard of living and a richer quality of life if governments don't get in the way. Obama and his ilk want us to believe that the choice is between an always expanding government and anarchy. But think about automobiles. We need commonsense "rules of the road." We don't need government telling us what to drive, when to drive or where to drive.

Un-Greating Britain

Prime Minister Theresa May, who took office in Great Britain in the aftermath of June's Brexit vote, is no Obama-esque socialist. But she's pursuing policies that will afflict her country with the kind of economic stagnation that's plaguing so much of the rest of the world.

Before Brexit Britain's economic performance had been something of a happy outlier, thanks to tax cuts, a vigorous paring back of government bureaucrats and a monetary policy that was less antigrowth than that of any other major central bank.

Now the PM seems ready to toss all of that away with a binge of government spending, more regulation and—bewilderingly, for a country so dependent on trade and skilled foreign workers—a mindlessly restrictive immigration policy. These self-inflicted wounds will overwhelm the Bank of England's recent encouraging moves to enable banks to do more lending to businesses, which would generate more economic growth.

The smallness of almost all of today's global leaders' thinking is astonishing—and dangerous. F

Restaurants: Go, Consider, Stop

Edible enlightenment from our eatery experts and colleagues Richard Nalley, Monie Begley and Randall Lane, as well as brothers Bob, Kip and Tim.

● Benoit
60 West 55th St. (Tel.: 646-943-7373)

Over the summer Alain Ducasse closed his midtown bistro for a beautiful "face-lift." What hasn't been altered is the delectable fare: corn velouté soup, a creamy delicacy; escargots in shells, a buttery, garlicky classic; tarte flambée, a take on flatbread pizza; golden, crispy whole chicken for two; perfect pommes frites; and divine chocolate soufflé.

● Sistina
24 East 81st St. (Tel.: 212-861-7660)

Opened 33 years ago, this upscale Italian restaurant has moved to a beautiful building near the Metropolitan Museum of Art. Begin with mozzarella and prosciutto ringed with fresh figs. The Parmigiano-Reggiano custard round is a creamy delight. The two featured risottos are rich and delicious. The Dover sole is perfection, and the tuna steak is pink and moist. Spoil yourself with the bomboloni, a hot, fluffy, ricotta-filled Italian doughnut.

● Jane
100 West Houston St., between Thompson St. and LaGuardia Pl. (Tel.: 212-254-7000)

Watermelon salad with cucumbers, sunflower seeds, baby mustard greens, ricotta and a tangy citrus vinaigrette is a refreshing start to a meal. The kale and quinoa salad, partnered with chicken, is a delicious main course, as is the grilled chicken paillard, also with kale, cucumbers, tomatoes, feta and a Dijon vinaigrette. A big hit is the pot of mussels cooked in a white-wine tomato broth with chilies. For dessert, go for the yummy bananas Foster, crème brûlée or mousse torte.

● Eastfield's Kitchen & Bar
1479 York Ave., between 78th and 79th streets (Tel.: 646-964-4918)

A new addition to the Upper East Side that serves American-centric food in a glossy nautical setting. It's hard not to fill up on the starters: slices of toast layered with creamy peekytoe crab and avocado; a crunchy cauliflower gratin topped with Parmesan bread crumbs and leeks; or fried Montauk squid with chili aioli. The chicken parm is thick and juicy; the arctic char is roasted to perfection; and the Maine lobster club and the grilled Piedmontes skirt steak are irresistible. Whiskey bread pudding is a must.

● Mamo
323 West Broadway, between Grand and Canal streets (Tel.: 646-964-4641)

Authentic, wonderful Mediterranean/Italian cuisine served in a casual yet elegant space. Start with the signature tiny ravioli with truffles or the calamarata, a delicious mix of squid tossed with potatoes, pesto and cherry tomatoes. The main meat courses are very generous and good, especially the tagliata (sliced tenderloin with porcini mushrooms) and the costoletta Milanese (pounded veal topped with chopped salad). Small pizzas are also offered.


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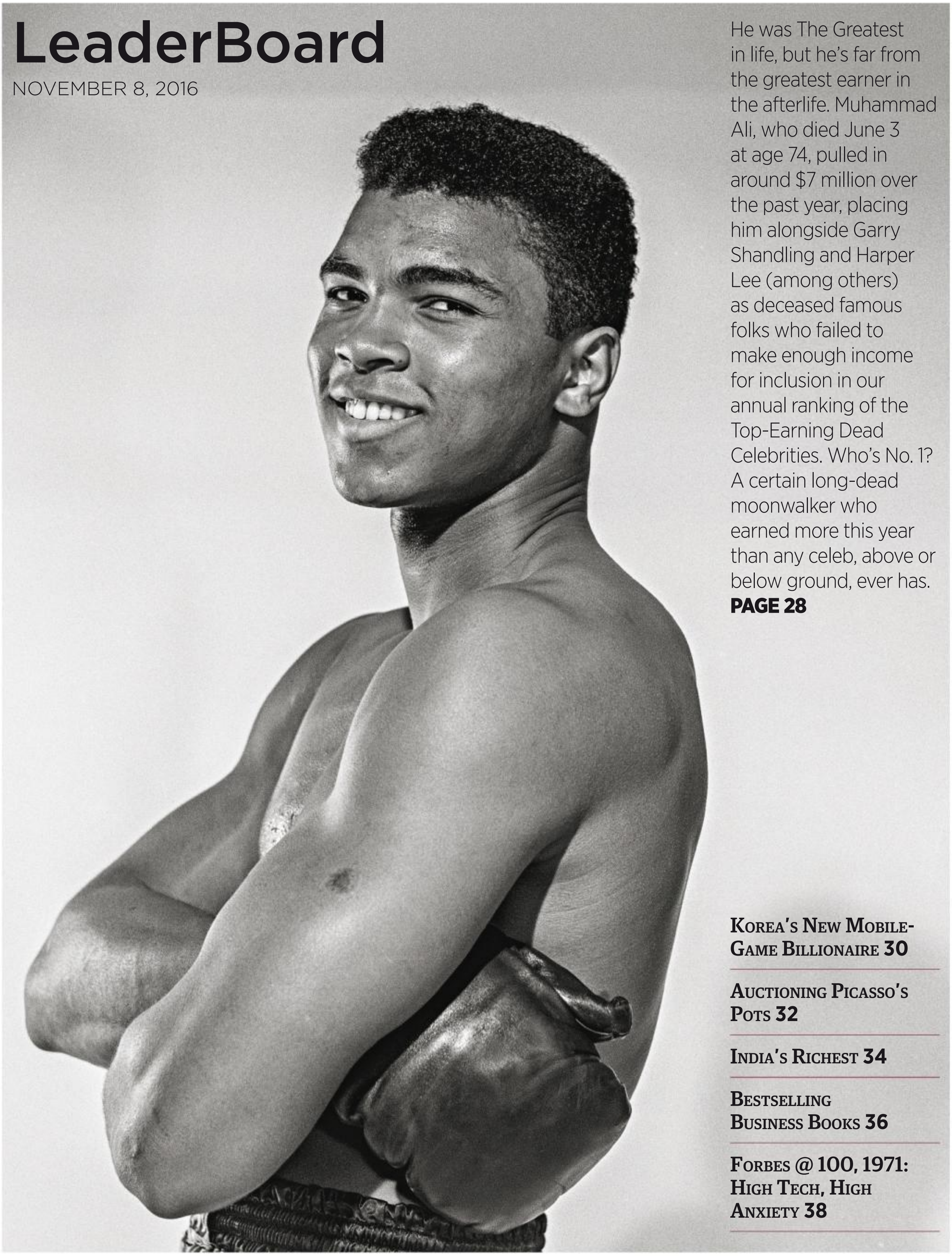

He was The Greatest in life, but he's far from the greatest earner in the afterlife. Muhammad Ali, who died June 3 at age 74, pulled in around $7 million over the past year, placing him alongside Garry Shandling and Harper Lee (among others) as deceased famous folks who failed to make enough income for inclusion in our annual ranking of the Top-Earning Dead Celebrities. Who's No. 1? A certain long-dead moonwalker who earned more this year than any celeb, above or below ground, ever has.

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STANLEY WESTON/GETTY IMAGES

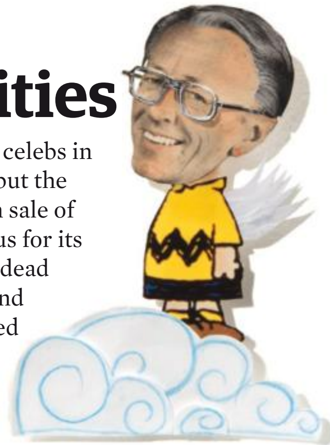
Forbes LeaderBoard

ENTERTAINMENT

Top-Earning Dead Celebrities

YES, THE PEARLY GATES seemed to welcome an unusual number of celebs in the past year (David Bowie, Prince and Arnold Palmer, to name a few)—but the long-departed King of Pop had the time of his afterlife. The $750 million sale of Michael Jackson's half of the Sony/ATV music publishing catalog, famous for its library of Beatles tunes, puts him at the top of our annual ranking of the dead celebrities who earned the most. This is ironic given that many critics, and some of Jackson's advisors, once derided the catalog as a badly overpriced investment. Jacko's payday ranks as the biggest annual haul by any celeb—dead or alive.

1. MICHAEL JACKSON
$825 MILLION
MUSICIAN
DIED: JUNE 25, 2009 AGE: 50
CAUSE: OVERDOSE / HOMICIDE
Jackson paid $47.5 million in 1985 ($140 million in 2016 dollars) to buy the Beatles-packed ATV publishing catalog. Ten years later Sony paid him $115 million to form a 50/50 joint venture, then purchased the other half this past March. In all, the sales gave Jackson's estate, which is controlled by lawyer John Branca and music executive John McClain, a 30% annualized return on investment.



2. CHARLES SCHULZ
$48 MILLION
CARTOONIST
DIED: FEB. 12, 2000 AGE: 77
CAUSE: COLON CANCER
The *Peanuts* creator moves near the top of the list with his cut of the beloved brand's licensing revenue, boosted by last year's well-received 3-D *Peanuts* movie.

3. ARNOLD PALMER
$40 MILLION
ATHLETE
DIED: SEPT. 25, 2016 AGE: 87
CAUSE: HEART DISEASE
He won't be doing more TV spots for the likes of Electronic Arts and Xarelto, but 500 Arnold Palmer–branded stores in Asia and his eponymous half-lemonade, half-iced-tea drink, which accounts for a quarter of Arizona Beverage's revenue, will certainly enrich the golfer's afterlife.

10. BETTIE PAGE
$11 MILLION
MODEL
DIED: DEC. 11, 2008 AGE: 85
CAUSE: NATURAL CAUSES
The original pinup's eternal sex appeal has scored her lingerie, bridal wear and handbag licensing deals.

9. ALBERT EINSTEIN
$11.5 MILLION
SCIENTIST
DIED: APR. 18, 1955 AGE: 76
CAUSE: NATURAL CAUSES
The frizzy-haired physicist stars not just on dorm-room posters and sophomoric T-shirts but also on tablets designed by Israeli tech company Fourier Systems; his estate has also licensed his name to Salesforce's new artificial-intelligence product.

Biggest Celebrity Paychecks, Dead or Alive

MICHAEL JACKSON'S $825 million income in 2016 is the most any celebrity has ever earned in a single year—and he did it while deceased. Only Yves Saint Laurent has come even remotely close from the boneyard; these other big paydays went to the living.

DR. DRE
$620 MIL
(2014)
SOURCE:
APPLE/BEATS DEAL

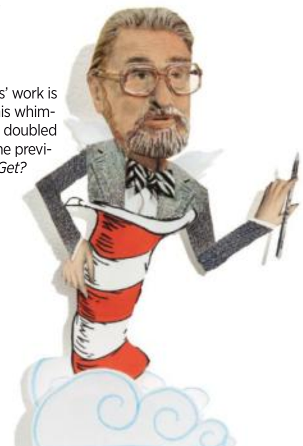
YVES SAINT LAURENT
$335 MIL
(2009)
SOURCE:
POSTHUMOUS ART-AND-ANTIQUES AUCTION

OPRAH WINFREY
$315 MIL
(2010)
SOURCE:
TELEVISION SHOW

HOWARD STERN
$302 MIL
(2006)
SOURCE:
SIRIUS XM DEAL

5. PRINCE
$25 MILLION
MUSICIAN, ACTOR
DIED: APR. 21, 2016 AGE: 57
CAUSE: OVERDOSE
His Purpleness passed away while still at the top of his touring game (grossing nearly $2 million per show). He also sold more than 2.5 million albums over the past year, more than any other deceased musician.

4. ELVIS PRESLEY
$27 MILLION
MUSICIAN, ACTOR
DIED: AUG. 16, 1977 AGE: 42
CAUSE: HEART ATTACK
The King still moves more than 1 million albums per year—most of them physical, not digital—a haul still dwarfed by his multimillion-dollar Graceland income, mostly from ticket sales. (A change in how we account for those ticket sales, not weakening demand, accounts for Elvis' 50% drop in income since last year.)



7. THEODOR "DR. SEUSS" GEISEL
$20 MILLION
AUTHOR
DIED: SEPT. 24, 1991 AGE: 87
CAUSE: NATURAL CAUSES
From there to here and here to there, Seuss' work is everywhere: Geisel still moves millions of his whimsical children's books annually—a take that doubled in the past year with the 2015 release of the previously unpublished *What Pet Should I Get?*

6. BOB MARLEY
$21 MILLION
MUSICIAN
DIED: MAY 11, 1981 AGE: 36
CAUSE: CANCER
Album sales aren't really what keeps Marley alive on our ranking. Instead, it's House of Marley audio products, Marley's Mellow Mood beverages and merchandise sales.

8. JOHN LENNON
$12 MILLION
MUSICIAN
DIED: DEC. 8, 1980 AGE: 40
CAUSE: MURDER
The British bard continues to share in the Beatles' spoils—some 65 million albums sold in the United States alone in the past quarter-century—and other ventures, such as *Love!*, the Fab Four–themed Cirque du Soleil extravaganza in Las Vegas.

11. DAVID BOWIE
$10.5 MILLION
MUSICIAN, ACTOR
DIED: JAN. 10, 2016 AGE: 69
CAUSE: CANCER
Industrious to the very end, the Thin White Duke released his final album, *Blackstar*, just two days before his death. The ensuing sales spike helped him outsell Michael Jackson and Elvis Presley over the past year.

12. STEVE MCQUEEN
$9 MILLION
ACTOR
DIED: NOV. 30, 1980 AGE: 50
CAUSE: COMPLICATIONS FROM SURGERY
Tag Heuer, Porsche, Persol and Barbour all have deals with McQueen thanks to his enduring aura of daredevil cool.

13. ELIZABETH TAYLOR
$8 MILLION
ACTOR
DIED: MAR. 23, 2011 AGE: 79
CAUSE: HEART FAILURE
The celebrity fragrance business may seem lifeless, but Taylor's scents, such as White Diamonds, linger on.

J.K. ROWLING
$300 MIL
(2008)
SOURCE:
HARRY POTTER

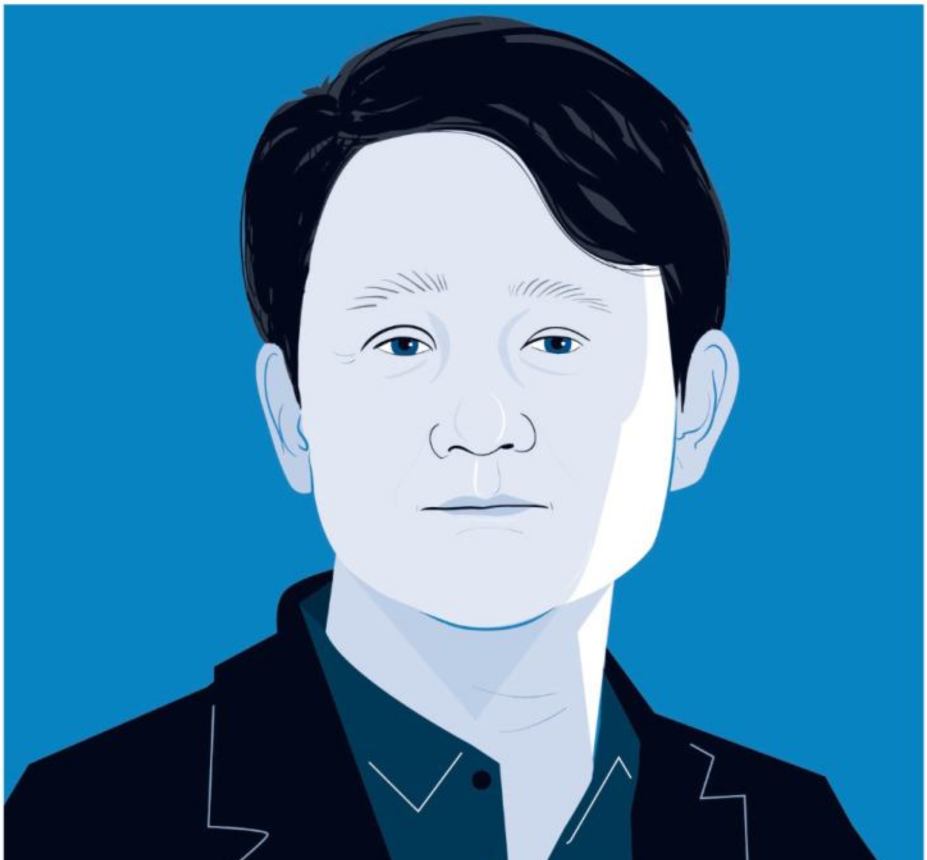
FLOYD MAYWEATHER
$300 MIL
(2015)
SOURCE:
BOXING MATCH VS.
MANNY PACQUIAO

Estimates are for pretax income from Oct. 1, 2015 through Oct. 1, 2016 before deducting expenses for agents, managers and lawyers. Sources include Nielsen SoundScan, Nielsen BookScan, PollstarPro, IMDB and interviews with estate experts.

EDITED BY ZACK O'MALLEY GREENBURG AND NATALIE ROBEHMED WITH ADDITIONAL REPORTING BY KURT BADENHAUSEN
PUSH ART

LeaderBoard

NEW BILLIONAIRE



High Score

With his mobile games already megahits in South Korea, Jun-Hyuk Bang hopes to win over America, too.

THE LATEST EPIC SAGA to capture the world's attention unfolds at fingertip speed: The mobile game Marvel Future Fight boasts a complex narrative set across alternative dimensions and an ever-increasing cast with such comic book A-listers as Iron Man and Spider-Man. Since its April 2015 debut it has been downloaded more than 50 million times and cracked the top ten in 118 countries, including the U.S., Britain and South Korea.

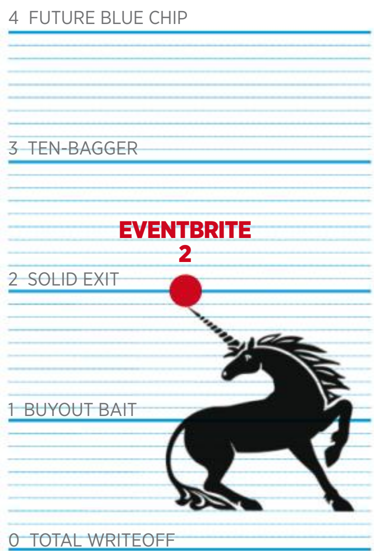
Its Korean success isn't a surprise. Marvel Future Fight was created by Seoul-based Netmarble Games, the brainchild of Jun-Hyuk Bang, 47. Netmarble has developed hits such as the creature-capture adventure Monster Taming and Seven Knights, a mix of Norse myth and *Game of Thrones*. Bang knows how to spin a good tale in his games and his life story: He has been compared to Steve Jobs, given that both men left tech companies they founded (for health reasons, in Bang's case), only to return and revive them. Bang founded Netmarble in 2000, departed six years later and came back in 2011, shifting its focus from desktop to mobile: "I saw the [increase in the] number of people using smartphones in Korea and felt this is going to be the new culture, more than just a phone."

With his 32% stake in Netmarble worth an estimated $1.2 billion, he is eyeing the U.S. as his next growth market. He's banking on his Marvel partnership to help, as well as the $130 million Netmarble paid last July for a majority of Los Angeles-based SGN Games. It's a departure for Bang in terms of geography—and style. SGN's biggest hit so far: the simply plotted but aptly named Cookie Jam, a Candy Crush-esque baked-goods game.

UNICORN METER

Blessed Event

WHICH OF today's unicorns will become tomorrow's blue chips? Our ongoing poll of our Midas List of the world's top venture capitalists provides an exclusive take on the long-term prospects of these billion-dollar startups—and things are looking bright for Eventbrite, an online marketplace for festivals, parties and races.



SCORECARD

FREDERICK SMITH

+$290 MILLION

NET WORTH: $4 BILLION

Amazon is reportedly laying the groundwork to compete directly with FedEx in shipping, but investors don't seem worried. Shares in FedEx jump 7% after CEO Smith announces a revenue increase of 20% in the past year.

NEW BILLIONAIRE BY GRACE CHUNG
ILLUSTRATION BY BRIAN TAYLOR; ZUMA PRESS/ALAMY (BOTTOM)

LeaderBoard

ON THE BLOCK

Pablo's Pots

WHEN RICHARD Attenborough was in his 40s, he and his family had a steady tradition: While vacationing in southern France each August they'd visit Pablo Picasso's pottery studio, and the British actor and director would pick out a birthday present. Now, two years after Attenborough's death, his estate will sell his 74-piece Picasso collection at a Nov. 22 Sotheby's auction. The centerpiece is a 26-inch vase *(left)* featuring three nude women, a 1950 piece inspired by the Graces of Greek myth. That one vessel is expected to fetch almost $500,000, and the sale's total could go as high as $2 million.

Below, from left: Richard Attenborough, Picasso's *Chouette* (1969) and *Corrida* (1959).

SCORECARD

DANIEL OCH
–$412 MILLION

NET WORTH: $2.6 BILLION

His hedge fund firm, Och-Ziff Capital Management, agrees to pay $412 million to settle charges that it doled out bribes to government officials in Libya, Chad, Niger and the Democratic Republic of the Congo. Och will cough up much of the payment himself by buying up to $350 million worth of preferred shares in the firm.

30 UNDER 30

Public Servants

Civics with the Forbes 30 Under 30, in 30 words or less.

ANDY BROMBERG

SIDEWIRE | 22

Bromberg's site is a place for political newsmakers to chat publicly about issues without battling social-media trolls. Next up: conversations about tech, sports and entertainment.

ANISHA SINGH

CENTER FOR AMERICAN PROGRESS (CAP) | 29

Singh is a CAP campaign manager who urges legislators to fill vacant judiciary posts. She helped launch the "Do Your Job" initiative, which targets specific senators.

DIPAYAN GHOSH

FACEBOOK | 28

An electrical engineer by training, the former White House advisor on tech and economics is now focused on privacy and cyberpolicy for Facebook.

ON THE BLOCK BY ABRAM BROWN; 30 UNDER 30 BY KATHRYN DILL
ILLUSTRATIONS BY PATRICK WELSH; RICK MAIMAN/BLOOMBERG (BOTTOM)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BILLIONAIRES

India's Richest People

MOST OF THE great wealth in India is held by established industrialists, so it's rare for young up-and-comers like brothers Divyank (34) and Bhavin Turakhia (36) to earn spots on our ranking of India's richest. The near-billionaires have built their fortunes by being "fast followers" in a number of Web-related industries. For the full ranking of the country's 100 richest, visit forbes.com/india-billionaires.

1. Mukesh Ambani
$22.7 BILLION ▲
SOURCE: OIL/GAS/PETROCHEMICALS **AGE:** 59. MARRIED, 3 CHILDREN
RESIDENCE: MUMBAI

2. Dilip Shanghvi
$16.9 BILLION ▼
SOURCE: PHARMACEUTICALS **AGE:** 61. MARRIED, 2 CHILDREN
RESIDENCE: MUMBAI

3. Hinduja brothers
$15.2 BILLION ▲
SOURCE: DIVERSIFIED **RESIDENCE:** LONDON

4. Azim Premji
$15 BILLION ▼
SOURCE: INFORMATION TECH **AGE:** 71. MARRIED, 2 CHILDREN
RESIDENCE: BANGALORE

5. Pallonji Mistry
$13.9 BILLION ▼
SOURCE: CONSTRUCTION **AGE:** 87. MARRIED, 4 CHILDREN
RESIDENCE: MUMBAI

WHEN SECOND IS BEST

"We've never been the first at anything, and it makes no difference to us," declares Divyank Turakhia. "But show me an industry where there's $1 billion–plus to be made and I'll do a better job than everyone else." He and his brother, Bhavin, have taken that attitude and spun it into a shared $1.3 billion fortune (No. 95 on our list of India's wealthiest).

Since their early years as boy programmers and teenage tech consultants, they've created numerous tech companies: a Web-hosting concern, a digital-payment processor and many more. Divyank sold his own biggest success, an Internet advertising firm called Media.net, to a consortium of Chinese investors in August for $900 million; he'll stay on as CEO. Bhavin, meanwhile, is concentrating on three more start-ups. The brothers are bachelors: "We're too busy building businesses," Divyank says.

RICHEST BY STATE

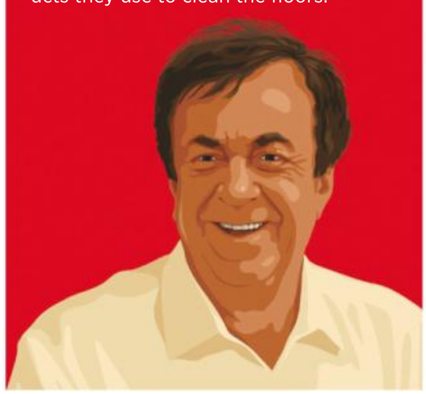
Wisconsin

POPULATION: **5.8 MILLION**
2015 GROSS STATE PRODUCT: **$305.8 BILLION** (1.8% GROWTH)
GSP PER CAPITA: **$52,985** (RANKS NO. 25 NATIONWIDE)
RICHEST: **JOHN MENARD JR., $9.6 BILLION**

HERE'S A NIGHTMARE scenario for any billionaire: An ex-lover, who also happens to be your ex-lawyer, sues for part of your empire. John Menard escaped from that knotty situation last month when a Wisconsin appeals court threw out a 2008 suit brought by his former fiancée, Debra Sands. She had claimed that Menard promised her a share of his companies—which include his eponymous home improvement retailer, Menards, plus horse racing and private equity assets—for being his "life partner, social companion and manager" for eight years, as well as his attorney for parts of that period.

Among other things, Sands says she suggested new product lines for Menards, remodeled three of the billionaire's homes and advised on private jet decor. Menard denies ever promising her equity, and in the end the court ruled that because Sands had been his attorney, the agreement would have been subject to extra regulations on attorney-client business deals (such as putting terms in writing), which Sands did not follow.

The 76-year-old Menard, who paid for college by building low-cost pole barns for Wisconsin farmers, is known for lording over the company he founded in 1958. Menards does nearly $9 billion in sales while expecting its store managers to adhere strictly to its edicts—down to precisely which products they use to clean the floors.



INDIA RICH LIST BY NAAZNEEN KARMALI WITH ADDITIONAL REPORTING BY MEGHA BAHREE, SEAN KILACHAND AND ANURADHA RAGHUNATHAN; RICHEST BY STATE BY CHASE PETERSON-WITHORN
ERIC MILLETTE FOR FORBES; ILLUSTRATION BY CHRIS LYONS

Onboard shower spa available on Emirates A380s.

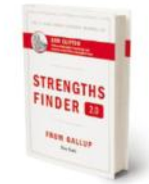
LeaderBoard

BUSINESS LIBRARY

Bestselling Business Books

SHIFTING A MILLION physical copies is a challenge in today's publishing climate; doing so with a business book is even trickier. Yet 11 authors have managed it since 2004, when Nielsen began tracking book sales. Occupying the executive suite: Tom Rath's *StrengthsFinder 2.0*, from 2007, which purports to help you discover hidden talents and put them to use.

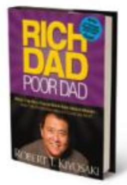
Rath's sales demolish even those of such well-known pop-econ-psych works as *Blink* and *Freakonomics*. The oldest title still being plucked off shelves: the find-a-career classic *What Color Is Your Parachute?*, first published in 1970 and now in its 47th edition.



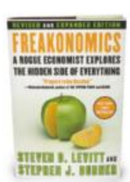
1. StrengthsFinder 2.0
Tom Rath
4.5 MIL
2007

2. Blink
Malcolm Gladwell
2.68 MIL
2005

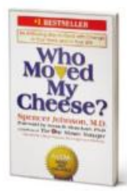
3. Good to Great
Jim Collins
2.3 MIL
2001



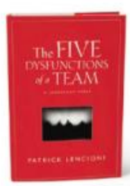
4. Rich Dad, Poor Dad
Robert T. Kiyosaki
2.2 MIL
1997



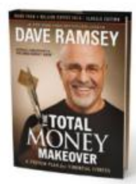
5. Freakonomics
Steven D. Levitt and Stephen J. Dubner
2 MIL
2005



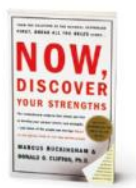
6. Who Moved My Cheese?
Spencer Johnson
1.77 MIL
1998



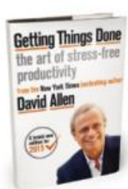
7. The Five Dysfunctions of a Team
Patrick Lencioni
1.76 MIL
2002



8. The Total Money Makeover
Dave Ramsey
1.74 MIL
2003

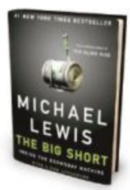


9. Now, Discover Your Strengths
Marcus Buckingham and Donald O. Clifton
1.3 MIL
2001



10. Getting Things Done
David Allen
1.1 MIL
2001

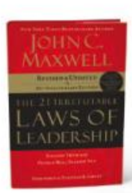
11. What Color Is Your Parachute?
Richard N. Bolles and John E. Nelson
1 MIL
1970



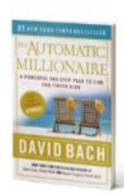
12. The Big Short
Michael Lewis
916,000
2010

13. Lean In
Sheryl Sandberg
911,000
2013

14. Getting to Yes
Roger Fisher and William Ury
741,000
1981



15. The 21 Irrefutable Laws of Leadership
John C. Maxwell
723,000
1998



16. The Automatic Millionaire
David Bach
722,000
2003

Klieg Lit

CELEBRITIES ARE big business in the book industry, routinely securing boffo advances for their memoirs. Now there's also a cottage industry of celeb publishers eager to cash in on the back end, too. Some imprints have been small, such as actor Viggo Mortensen's Perceval Press, which focuses on the arts and criticism. Others are more mainstream. One certain to do well: Oprah Winfrey's as-yet-unnamed Flatiron Books imprint, which will publish her memoir in 2017.

DEREK JETER
Jeter Publishing
Simon & Schuster's partnership with the former Yankee taps sports-related works. A children's offshoot includes a picture book and a fiction trilogy based on Jeter's life.
Bestseller: *Jeter Unfiltered* (2014; 105,000 copies sold)
Latest Release: *Muhammad Ali Unfiltered* (October 2016)

ANTHONY BOURDAIN
Anthony Bourdain Books
The country-hopping, exotic-grub-gobbling chef finds a few food and pop culture titles a year to publish through Ecco, a HarperCollins subsidiary.
Bestseller: *L.A. Son* (2013; 19,000 copies sold)
Latest Release: *They Call Me Supermensch* (September 2016)

GWYNETH PALTROW
Goop Press
The actress-turned-lifestyle guru recently spun her popular blog, Goop, into a Grand Central Publishing imprint for style, food and beauty-advice books.
First Book: *It's All Easy* (April 2016; 58,000 copies sold)
Upcoming Release: *Goop Clean Beauty* (due out in December 2016)

Flight Booking

Chieh Huang, cofounder and CEO of Boxed—on our list of the next billion-dollar startups *(see p. 94)*—shares what he reads at 30,000 feet.

IN A GOOD book, I look for people who have made a ton of mistakes, so I can learn from them. One of the observations in *The Founder's Mentality* [by Chris Zook and James Allen] is that founder-led companies in general perform better on the stock market. Before that I read *The Hard Thing About Hard Things* [by Ben Horowitz, cofounder of VC firm Andreessen Horowitz]. He went through so much. He had two weeks of cash left and IPO'd as a last resort.

All domestic book-sales data goes back to 2004 and is sourced from Nielsen BookScan, which tracks 85% of the U.S. print market.

BY NATALIE ROBEHMED
JASON MERRITT/GETTY IMAGES; SLAVEN VLASIC/GETTY IMAGES; SONIA MOSKOWITZ/WIREIMAGE; PATRICK JAMES MILLET

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LeaderBoard

FORBES @ 100

As FORBES' September 2017 centennial approaches, we're unearthing our favorite covers.

Nov. 15, 1971: High Tech, High Anxiety

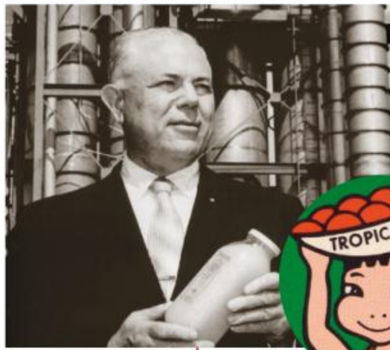
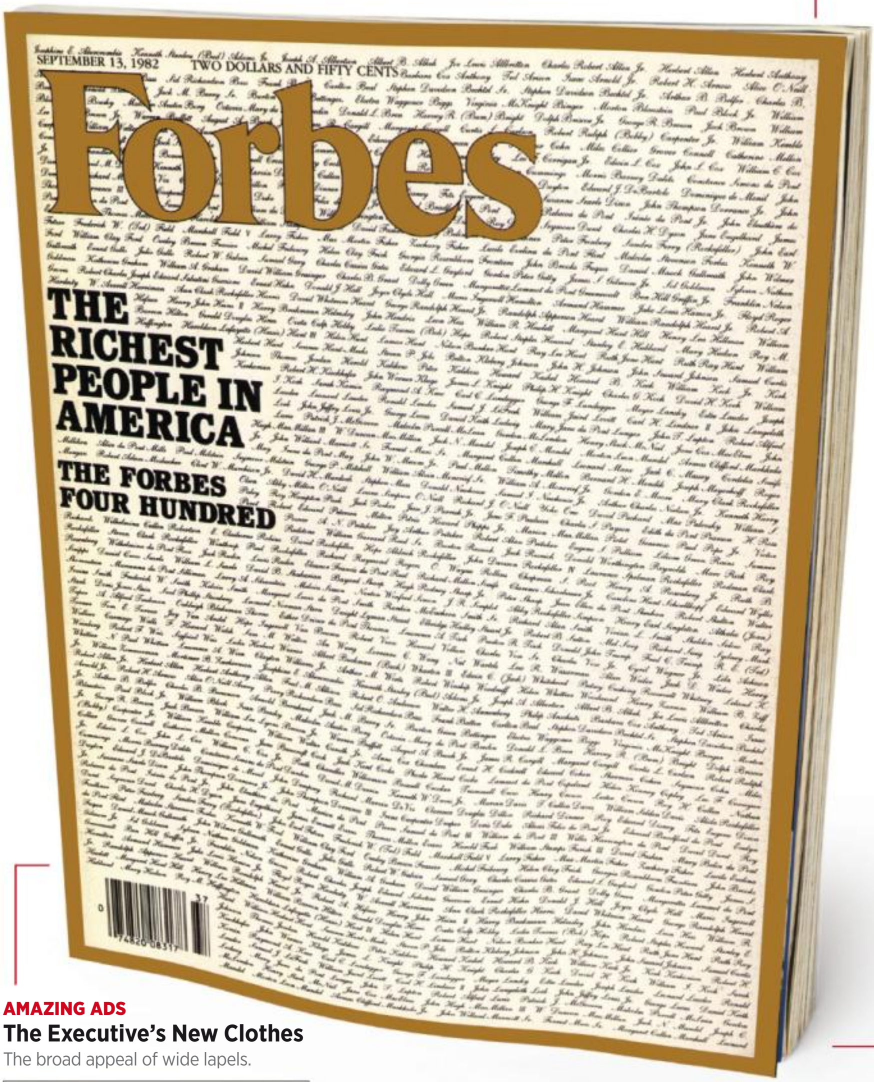


FIGURE FROM THE PAST

Firm and Fruitful

Anthony T. Rossi, the then-71-year-old Tropicana founder, credited his success to one factor: "If you lose control, you lose everything." Nearly 30 years after he began to build Tropicana into the U.S.' biggest fresh orange-juice maker, he still designed much of its equipment and invented a method to keep juice from spoiling during long unrefrigerated periods.



IN THE EARLY 1970S America was worried about maintaining its position as the world's high-technology leader. By 1971 the U.S. accounted for less than 65% of the planet's exports in goods such as aircraft and computers, down from more than 80% in 1965. Competition among the U.S., Canada, Europe and Japan had intensified (especially as foreign firms like Sony and Siemens forged reputations as extremely efficient manufacturers), and America's trade surplus in high-tech goods had fallen 43% to $2.1 billion (some $12.5 billion today) over just those five years. Various factors got the blame: trouble turning advanced technology into marketable goods; former space-race scientists left unemployed (or underemployed); and more.

In the end it would fall largely to entrepreneurs rather than established firms to cement America's technological dominance, and many got their start later that same decade: Bill Gates' Microsoft dates to 1975; Steve Jobs cofounded Apple in 1976; Genentech was cofounded by Robert Swanson and Herbert Boyer in 1976; and Larry Ellison cofounded Oracle in 1977.

AMAZING ADS

The Executive's New Clothes

The broad appeal of wide lapels.

FAST-FORWARD

Electric Avenue

1971: "Like alchemists trying to turn lead into gold, men are still trying to come up with a marketable electric automobile." In this case, British Enfield Automotive, maker of the Enfield 8000, a two-seater with a range of 60 miles and a maximum speed of 40mph. Cost: $1,800 ($10,700 today). **2016:** We've gotten much better at automotive alchemy. Elon Musk's latest Tesla, the Model 3, has a 215-mile range and can go from zero to 60 in under six seconds. Cost: $35,000.

BY ABRAM BROWN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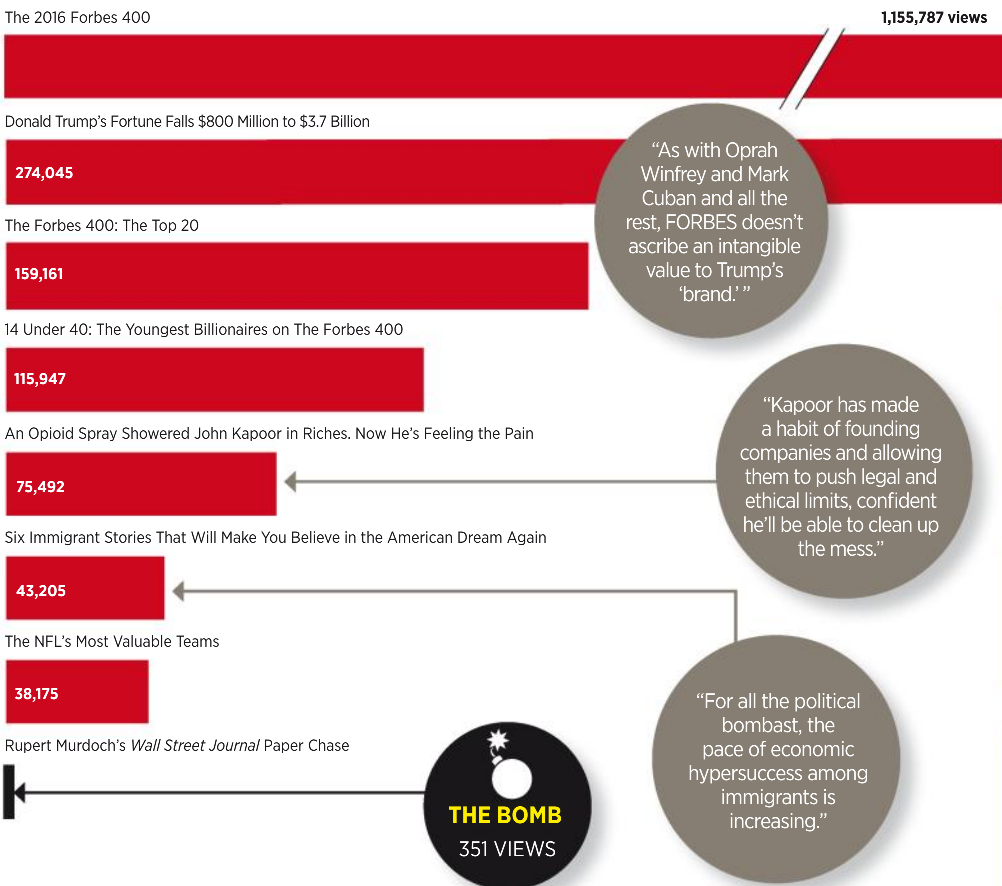
LeaderBoard

CONVERSATION

THROUGHOUT OUR annual Forbes 400 issue *(Oct. 25)* we celebrated a notion that many think has all but withered away: the American Dream. Specifically, as it's experienced by immigrants, a record 42 of whom—from 21 countries—earned spots on this year's tally of the United States' richest people. "Some lament that the American Dream is dead," observed Amanda Hoover of the *Christian Science Monitor,* but FORBES' coverage "suggests it may still be possible to start with next to nothing and build something extraordinary in a single generation." That is indeed the idea, though some readers detected a note of election-year immigration advocacy. Via LinkedIn, tech executive Matthew Shipley was irked: "Forbes, stick to business and stop trying to sway political sentiment."

THE INTEREST GRAPH

Great fortunes make great reading: Billions of dollars attracted millions of eyeballs online for The Forbes 400.



TRUMPED UP

Our asset-by-asset look at The Donald's net worth was a lightning rod for impassioned Forbes 400 readers. Who'd have guessed?

JEFF COX, CNBC: "Donald Trump is still way richer than you are, but the gap is closing."

CUTHBERT, VIA FORBES.COM: "Of course Trump will deny [FORBES' $3.7 billion estimate of his wealth]. So the real question is, how high will he say his net worth has climbed now? $11 billion? $12 billion?"

KABOUS LE ROUX, SOUTH AFRICA'S CAPE TALK: "The latest Forbes 400 shows that the average member of this elite saw his or her net worth rise by $200 million, to $6 billion. Donald Trump, however, bucked the trend."

AUSTINVP, VIA FORBES.COM: "Mr. Trump's debt-to-value ratio is extremely low. Wouldn't that be great for the USA?"

CHRIS SNYDER, VIA FORBES.COM: "I wonder how much income he'll have from licensing his 'brand' now that it's not so cool to be associated with the Trump name."

CHRIS O'SHEA, ADWEEK.COM: "We know you're wondering about Donald Trump. He's now just the 157th-richest person in the nation. Sad!"

ROB ADAMS, VIA TWITTER: "Maybe [the decline in Trump's net worth from a year ago] is because he has been focused on something much more important to him than money."

BY ALEXANDRA WILSON

Forbes HEALTHCARE SUMMIT 2016

SOLVING HEALTHCARE'S BIGGEST CHALLENGES

GIOVANNI CAFORIO, M.D.
Chief Executive Officer,
Bristol-Myers Squibb

KENNETH FRAZIER
Chairman & Chief Executive Officer,
Merck & Co.

JOSEPH JIMENEZ
Chief Executive Officer,
Novartis

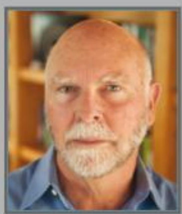
MARTINE ROTHBLATT
Founder & Chief Executive Officer,
United Therapeutics

MICHAEL DOWLING
President & Chief Executive Officer,
Northwell Health

STEVE MILLER, M.D.
Senior Vice President & Chief Medical Officer,
Express Scripts

SUSAN SCHNEIDER WILLIAMS
Widow of Robin Williams

IAN READ
Chairman of the Board & Chief Executive Officer,
Pfizer



J. CRAIG VENTER, PH.D.
Co-Founder, Executive Chairman & Chief Executive Officer, Human Longevity Inc.

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METLIFE TAKES THE LEAD

"THANK YOU, MetLife."

That's what we all ought to be saying this month, as the insurance company goes before a panel of federal judges to defend its bid to keep the MetLife name off of the federal government's "Too Big to Fail" list.

The facts of MetLife v. Financial Stability Oversight Council are simple. After the 2008 financial crisis lawmakers passed the Dodd-Frank financial reform act. Dodd-Frank, in turn, created the FSOC, establishing a class of so-called systemically important financial institutions, or SIFIs. The SIFIs would be herded into a corral reinforced with heavy capital requirements and cumbersome regulations. The FSOC promptly herded big banks into its SIFI corral—and then for good measure took out its lasso to rope in insurance companies. The nonbank MetLife's total balance-sheet assets as of 2013—when the FSOC made its move—stood at $900 billion, which makes MetLife more elephant than steer.

But this elephant has a habit of resisting federal lures, dating back to 2008, when MetLife, unlike fellow insurer AIG, didn't take a Treasury rescue. MetLife also had the temerity to actually make money during the crisis years. Postcrisis, MetLife noted the obvious: The states, not Washington, regulate insurance companies. And insurance companies are less likely than banks to be subject to great runs on their resources: The first thing people do in a financial panic isn't to cash out their life insurance policies. AIG's rescue took place only because the insurer had, rodeo-style, developed a disconcerting sideshow in credit-default swaps. To prove its own bona fides, MetLife exited the banking business, selling MetLife Bank to GE Capital in 2013.

When the FSOC continued to pursue MetLife, the elephant went to court. (MetLife's Steven Kandarian is an example of the difference an uncowardly CEO can make.) In March Judge Rosemary Collyer of the U.S. District Court for the District of Columbia rescinded MetLife's "systemically important" designation. Share prices in MetLife and its fellow insurers rallied at prospects that the industry might elude the FSOC. The government promptly appealed, with Treasury Secretary Jacob Lew chastising Collyer in a nastygram for "overturning the conclusions of experienced financial regulators." Elephants, even nimble elephants, must be corralled.

Perhaps the FSOC was too arbitrary in designating MetLife an SIFI. Perhaps the Fed chairman, Janet Yellen, and Secretary Lew, who sit on the FSOC, don't even understand what they're doing.

But there's a bigger, even elephantine, issue here: the aggregation of power. The federal government isn't content with its brief, which, since the creation of the Federal Reserve and the Securities & Exchange Commission, has been to regulate financial markets and leave contract-related work to the states.

That aggregation takes place under a false premise—that having more centralized control makes markets safer. Negative outcomes actually become more likely under aggregation. After all, the principle of diversification applies not only to portfolios but also to regulators: There's some safety during a crisis when investors and companies operate in multiple jurisdictions.

DEFEND MAIN STREET

Investor recognition of this reality has been in the data since the crisis. The Chicago Booth/Kellogg School Financial Trust Index has monitored investor trust since 2009, looking not at insurance, specifically, but at local institutions on which the FSOC, the Fed and the Treasury spend less time. The index suggests that investors have consistently trusted credit unions and local banks at triple the rate that they trust banks in which governments have a stake.

The 150-year-old Main Street life insurance business has been one of those great local stabilizers—and could do more. How? One of the bases President Obama cited for ObamaCare was the actuarial principle: If every 20-year-old comes into the health care pool, then funding the health care of the few costly individuals becomes feasible. Imagine if health insurance labored under fewer mandates—using the same principle, we could cover more people. Or imagine an annuity business so solid that it provided the equivalent of Social Security pensions to all Americans, obviating the need for public programs.

Others are rallying to the rebel MetLife's side. The National Association of Insurance Commissioners (made up of state regulators) put in an amicus brief on MetLife's behalf, the message from states to the FSOC being "We've got this." When judges Patricia A. Millett, Sri Srinivasan and A. Raymond Randolph consider "MetLife v. FSOC," they might read that brief. Permitting competition to challenge a monopoly financial regime isn't just "systemically important," to borrow the statute's language. It's systemically beneficial. F

THOMAS KUHLENBECK FOR FORBES

AMITY SHLAES, PRESIDENTIAL SCHOLAR AT THE KING'S COLLEGE AND CHAIR OF THE COOLIDGE FOUNDATION BOARD; PAUL JOHNSON, EMINENT BRITISH HISTORIAN AND AUTHOR; AND DAVID MALPASS, GLOBAL ECONOMIST, PRESIDENT OF ENCIMA GLOBAL LLC, ROTATE IN WRITING THIS COLUMN. TO SEE PAST CURRENT EVENTS COLUMNS, VISIT OUR WEBSITE AT WWW.FORBES.COM/CURRENTEVENTS.

LET THERE BE LIGHT
A guide for world explorers and aviators, the Engineer Hydrocarbon AeroGMT provides instant visibility in darkness. It features self-powered micro gas lights directly within its rotating bezel for revolutionary luminosity. Add in a third time zone and unique crown holder protection and its ruggedness and mechanical prowess become as clear as the time itself. Proof that no matter the destination, it's possible to reach new horizons.
TO BE YOURSELF
ENGINEER HYDROCARBON AEROGMT
Revolutionary micro gas lights
7,500 Gs shock resistance
4,800 A/m anti-magnetic
Certified Swiss chronometer (COSC)
300 m / 1,000 ft water resistance
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Since 1891
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DIGITAL DEATH STAR

STOP ME IF you've heard this before: "Digital changes everything." Of course you've heard it before: 1981 (IBM Personal Computer), 1984 (Apple Macintosh), 1994 (Netscape, the first commercial Web browser), 1998 (Google's founding), 2007 (Apple iPhone).

And, of course, digital does change everything—not once, but many times. Digital technology is like a death star. First it pulls your industry, company and career into its orbit. Then it wipes out your old, tired (but nicely profitable) business model. Then it imposes its own laws on how you must run your business. Transform, or you die. Play by the digital rules, or you die. Not just one time, but again and again.

Think of Wal-Mart, a global colossus with 11,500 stores, 2.3 million employees and $482 billion in revenue. Wal-Mart was founded in 1962, but canny Sam Walton used digital technology—bar-code scanners to collect data and mainframe computers to crunch data—to blast past Sears, Kmart and other discount stores that were too slow on their digital uptake. Wal-Mart can't rest, though. Its future growth is threatened by Amazon, Alibaba and companies born as digital disruptors.

The digital death star evolves at the pace of Moore's Law. It gets twice as powerful every 18 to 24 months. So when the digital death star sucks you into its orbit, you have a hard choice: Evolve your company at the pace of Moore's Law—get twice as good every two years—or fall behind.

How to avoid this fate? At a recent FORBES conference on the digital revolution we discussed strategies and techniques to stay ahead. Like Wal-Mart, Cisco, the $50 billion router company, has been hugely successful. Yet its future is threatened around the world by faster-growing Huawei, based in Shenzhen, China, and at home by the latest tech generation of cloud-computing services that let you rent computing, storage and telecommunications capabilities as you need them.

Cisco knows it must change its product, sales and operating model—and quickly. The company created a new job—chief digital officer—to lead the transformation. The CDO, Kevin Bandy, reports not to the chief information officer but directly to Cisco's CEO, Chuck Robbins. That's a sign of how urgent Cisco feels it is to make itself digitally fitter to compete with such cloud giants as Amazon and Microsoft, the cloud startups that are popping up like weeds and the Chinese juggernaut Huawei.

OFFENSE AND DEFENSE

Cisco has it right. The chief digital officer should report to the CEO, not the CIO. The CIO role became entrenched in the 1980s, but its duties have changed. The explosive growth of government regulation, financial complexities and hacker threats to data and network security mean that CIOs now spend their time playing defense. They're forced to think about things that can go wrong and how to prevent and mitigate damage.

Hardening the defenses of one's website, e-mail and telecommunications isn't difficult. If CIOs are judged and paid for their ability to do these things, this is what they'll do. The trick is doing these while not killing speed, flexibility and customer friendliness—or what you might call the company's offensive strategy. Thus, the need has arisen for a new role that's separate from the CIO. Think about it this way: If the CIO is the company's captain of technology defense, then the chief digital officer is captain of technology offense. The CDO uses technology to drive speed and sales growth.

At the same FORBES conference I interviewed the tech heads of two professional sports organizations: the San Francisco Giants and the Golden State Warriors. Both franchises are indisputably excellent. The Giants won the World Series in 2010, 2012 and 2014 and have enjoyed 489 straight home-game sellouts. The Warriors won the NBA championship in 2015 and set a record of 73 regular-season wins in 2016.

Data and analytics have transformed sports. Every NBA arena now has cameras everywhere to record every movement of every player. Coaches know in real time whether a player is slowing a tick in the fourth quarter or, perhaps, not jumping as high.

But tech is transforming the business side of sports, too. The Giants think about how driverless cars will change the way fans get to the stadium. They think about wireless charging of mobile phones within the stadium. And they think about virtual reality tricks designed to appeal to Millennials and future generations of baseball fans. Hey, if you want another 489 straight sellouts, these are the kinds of things you have to think about.

THOMAS KUHLENBECK FOR FORBES

RICH KARLGAARD IS EDITOR-AT-LARGE / GLOBAL FUTURIST AT FORBES. HIS LATEST BOOK, *TEAM GENIUS: THE NEW SCIENCE OF HIGH-PERFORMING ORGANIZATIONS*, CAME OUT IN 2015. FOR HIS PAST COLUMNS AND BLOGS VISIT OUR WEBSITE AT WWW.FORBES.COM/KARLGAARD.


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WHEN I grow up,
I WANT to Be A
BALLERINA!
Last year, Olivia was too sick to dream.
She has Primary Immunodeficiency or PI.
Thanks to the Jeffrey Modell Foundation,
she has been properly diagnosed and treated.
Now she can leap for the stars.
Jeffrey Modell Foundation
helping children reach for their dreams
info4pi.org
BeCAUSe OF THe
JEFFRey Modell FoUNdATiON
I HAVe A CHANCe!

Verticals

NOVEMBER 8, 2016

At Ann Arbor's beloved Zingerman's, employees are taught the provenance of the cheeses, meats and smoked fish the deli sells. They also learn the company's approach to customer service, including the "10/4" edict—which calls for welcoming visitors with a smile from 10 feet and a greeting from 4. **PAGE 56**

PHOTOGRAPH BY BRANDON SCHULMAN FOR FORBES

Too Much Baggage

Vera Bradley has been a major player in the women's handbag and accessories market for nearly three decades, but the brand is struggling to expand its market. Can the queen of fresh prints get a handle on Millennials?

BY MICHELA TINDERA

Carrying on: Vera Bradley CEO Robert Wallstrom with cofounder Barbara Bradley Baekgaard are out to bag former customers—and introduce the brand to a new generation.

Barbara Bradley Baekgaard's home in suburban Fort Wayne, Ind. is a kaleidoscope of vibrant, colorful patterns, much like the signature quilted cotton bags and accessories produced by her company, Vera Bradley: The kitchen is wallpapered in a green-and-white gingham, the master bedroom in a pink floral, the dining room in a diamond pattern.

Just a few miles away is Baekgaard's old residence, where she and her then-neighbor Patricia Miller launched the firm in 1982 on a basement Ping-Pong table. The pair took a $500 initial investment—each woman anted $250—and turned it into a lifestyle and accessories business with $500 million in 2015 sales. And while Vera Bradley's growth earned Baekgaard, 77, and Miller, 78, spots on FORBES' list of richest self-made women, with estimated personal net worths of $270 million and $300 million, respectively, their business has been dropping like a heavy suitcase of late. The stock is down 39% since the company went public in 2010, net income is down 60% ($27.6 million in 2015) since its 2012 peak, and sales are down 6%, to $503 million, as the company struggles to recover from an overambitious post-IPO expansion.

Vera Bradley was born three decades ago during an airport layover. Baekgaard and Miller were traveling from Boca Raton, Fla. back to Fort Wayne, and while waiting for their flight, both noticed how drab women's luggage looked. The two went home and "literally started the company the next day," Baekgaard says. Named for Baekgaard's mother, Vera, who was a model for Elizabeth Arden in the 1930s, the company began when she and Miller started using colorful printed cotton to sew duffels based on the popular Pierre Deux bags of the 1970s.

As demand for the bags grew, Baekgaard stopped doing the stitching on her own and, with Miller, hired a group of seamstresses and tailors. Baekgaard and Miller enlisted their friends and relatives—including Vera Bradley herself—to work as sales reps, getting products into specialty gift stores around the country. The duo expanded the line, adding totes, wallets and other travel accessories. Sales grew even more, and the brand became popular among teens and college-age women.

And then, after more than 25 years of success—with annual revenue of about $290 million and five-year annual growth of nearly 25%—they opened Pandora's purse. Starting in 2007, Vera Bradley launched nearly 30 retail stores and was ready to become a true retail company, aiming to have 300 stores of its own. To raise the money for expansion,

BRIAN KELLY FOR FORBES

Bright ideas: Wallstrom has redesigned the Vera Bradley retail stores and limited new openings to four in 2016.

the company went public in 2010, bringing in $176 million.

But the brand wasn't ready for the growth a public offering required. At the time of the IPO, Vera Bradley had products in 3,300 independent retailers and had developed an aggressive strategy that called for opening 20 new retail shops every year to reach the projected 300 stores. Miller, who had been running the company as co-president, stepped down, while Baekgaard stayed on as chief creative officer, a position she still holds. Sales continued to grow, reaching a peak of $536 million in 2012.

At the same time, Vera Bradley was churning out new products, introducing roughly 16 quilted cotton prints each year (a decade earlier it had released only 6), causing independent retailers to buy lots of new merchandise, even if they hadn't sold out of their previous inventory. Excess product ended up for sale on the company's website at prices up to 70% off.

Compounding its problems, the company was still indulging custom requests from specialty stores, which unnecessarily increased the size of the product line. "If one of our stores came and said, 'I really want another zipper on this bag,' we'd make it for them," says Julia Bentley, vice president of investor relations. The company has since slashed its product count from 3,000 to 2,000.

Over the years, Vera Bradley dominated the luxury cotton handbag market, but it eventually reached a ceiling. The company claims that cotton bags make up only 4% of the U.S. handbag market and that it is responsible for 75% of those sales. "It's very important for any company not to be a one-trick pony," says Steven Marotta, an analyst at C.L. King & Associates. "Even if their trick is pretty good, eventually that will run out."

Enter Robert Wallstrom, who took over as CEO in late 2013, coming from Saks Fifth Avenue, where he had helped reinvent the shoe department at its Manhattan flagship. "In our research," the 50-year-old Wallstrom says, "what we heard a lot of people say is 'I've purchased a lot, but I don't know exactly when I'll be back.' "

Wallstrom quickly announced his new plan. The first priority was to lure back those former customers. He decided to introduce new fabrics, most notably leather, which was added to the collection for the first time in the company's history. Next, he cut back the number of patterns the company released each year and ended its baby-gift line. He also eliminated aggressive online promotions; customers can now expect discounts of no more than 30%.

A remaining piece of Wallstrom's strategy was a rebranding of Vera Bradley. In August the company rolled out new marketing aimed at Millennials, but it faced an immediate backlash against its "#itsgoodtobeagirl" campaign, which was perceived by some as patronizing and old-fashioned. (The company says it listened to feedback and adjusted the campaign.)

And Wall Street remains hesitant. Since January, Vera Bradley's stock is down 3%. (By comparison, competitors' stocks are up: Kate Spade has gained 1.5%, Coach 12% and Michael Kors 17%.) And sales for the first two quarters of 2016 are up just 1.2% compared with the same period last year.

Naturally the company remains hopeful that its new look and products will break through with Millennials. After all, the queen of prints needs just one more to work—the new blueprint. *

FINAL THOUGHT

* *"I get ideas about what's essential when packing my suitcase."* —**DIANE VON FURSTENBERG**

#

BY THE NUMBERS

HERE COMES THE SUN

SURE, AMERICANS ARE POLARIZED—BUT ONE THING THAT UNITES THEM IS THEIR DESIRE TO LIKEWISE BE SOLARIZED: A BLINDING 89% ARE IN FAVOR OF EXPANDING THE USE OF SOLAR POWER NATIONWIDE. SOME 40% OF HOMEOWNERS SAY THEY'VE GIVEN SERIOUS THOUGHT TO INSTALLING SOLAR PANELS. THE TOP EARLY ADOPTERS: THE SUN-BAKED DENIZENS OF THE WEST.

WEST
52% HAVE CONSIDERED SOLAR PANELS
14% HAVE INSTALLED SOLAR PANELS

SOUTH
33% HAVE CONSIDERED SOLAR PANELS
3% HAVE INSTALLED SOLAR PANELS

NORTHEAST
38% HAVE CONSIDERED SOLAR PANELS
2% HAVE INSTALLED SOLAR PANELS

MIDWEST
42% HAVE CONSIDERED SOLAR PANELS
<1% HAVE INSTALLED SOLAR PANELS

Source: Pew Research.

WALDORF CREATIVE (TOP); ALAMY

PROMOTION

Graduating the Future

The Maker Movement Grows Up

By Nancy Branka

Maker. Editor Dale Dougherty coined the term in the inaugural issue of *Maker* magazine in 2005. At the time, few understood the zeitgeist he had tapped into, nor could they have predicted its ensuing growth. A decade later, the influence of the Maker Movement and its emphasis on physical product creation and innovation—often enhanced by technology—can be felt from start-ups to today's leading corporations.

A growing assortment of enterprises offers resources for Makers. One of these is the University of New Haven (UNH), a private university of 6,800 undergraduate and graduate students in West Haven, Conn. Considered a leader in experiential education, its engineering and business programs now offer an Entrepreneurship and Innovation Program and Center. They are educating and graduating Makers.

According to Steven Kaplan, the university's president, design of a 40,000-square-foot Maker center is currently under way. "This will house a substantial Maker space, communications studios, very innovative classroom and learning spaces—all completely nontraditional and focused on making things," he says.

UNH has also partnered with the city of New Haven to bring the Engineering and Science University Magnet School for middle and high school students on campus. According to Kaplan, "In engineering in particular, there's a shortage of students coming out of middle and high schools aspiring to develop products and to be innovators." Besides taking advantage of UNH resources, these students are able to take engineering, science and math undergraduate classes.

Kaplan says he's optimistic about the future, based on the university's graduating Makers: "It gives you hope when you see the passion for innovation that's in this generation."

Steven Kaplan, President
University of New Haven

Stepping Out of YouTube's Shadow

Erik Huggers wants to make Vevo the top destination for online music videos. First he needs to outsmart the king of digital video.

BY SHELBY CARPENTER

For Erik Huggers the giant signs outside his office building are a grating reminder of what he's up against. The Market Street tower in San Francisco advertises its other illustrious startup tenants, Uber and Square. But Vevo, whose sprawling offices offer sweeping views of the city from the 21st floor, doesn't rate a mention. Huggers believes Vevo deserves a spot among the marquee names of the digital era. After all, its music videos are watched by millions of fans every day. But the Vevo brand languishes in obscurity. And as CEO, Huggers is on a mission to transform his company from YouTube's underappreciated business partner into a top streaming platform in its own right.

Vevo, the majority of which is owned by Universal Music Group and Sony Music Entertainment, two of the "big three" music labels, is trying to do for the mobile era what MTV did for TV: be the premium destination for music videos from popular and up-and-coming artists. Already many of the videos it distributes—on Vevo-branded channels on YouTube and also on Vevo.com—are among the most popular anywhere. "Hello," by Adele, for example, has been viewed 1.7 billion times on YouTube, making it the sixth-most-watched video ever on that site. JustinBieberVEVO, the artist's YouTube channel, is the site's third most popular. And that's precisely the challenge. Most viewing of Vevo clips takes place on YouTube, not on Vevo.com or the company's mobile app, and music fans barely register the white Vevo logo on the bottom right corner of the screen.

Huggers wants to change that and lure more music fans to Vevo itself. But stepping out of YouTube's shadow will be challenging. Vevo was born in 2009 out of the tense negotiations between Google-owned YouTube and the music labels, which were unhappy with the dollars they were getting from YouTube. The labels, leveraging their massive catalogs, pressured Google into a new deal: The two sides would create Vevo as both a stand-alone site and a provider of artist-specific channels on YouTube. "The record labels said, 'Let us launch Vevo, or else,'" says Mark Mulligan, an analyst at MIDiA Research. Google and Abu Dhabi Media ended up with minority stakes.

The alliance has been fruitful. Huggers tells FORBES that Vevo anticipates $500 million in revenue this year, much of it from its ad-revenue-sharing deal with YouTube. (That's roughly half of Pandora's 2015 revenue and about a quarter of Spotify's.) An average of 25 million people watch a Vevo video each day on its own site or on YouTube. That not only makes Vevo a major player in digital music but also puts its audience on par with that of a top-five cable-TV channel.

Huggers, a 43-year-old with a lanky build and Bradley Cooper hair, was brought on as CEO in April 2015 to push the business further. By shifting even a fraction

From atop Vevo's $500 million business, Huggers is gunning for YouTube's much larger music video audience.

JAMEL TOPPIN FOR FORBES

TRENDING

WHAT THE 50 MILLION FORBES.COM USERS ARE TALKING ABOUT. FOR A DEEPER DIVE GO TO **FORBES.COM/TECHNOLOGY**

COMPANY
YAHOO

The battered company allegedly helped U.S. intelligence snoop on customers' incoming e-mails—an arrangement apparently not shared with its own security team. It calls such reports "misleading."

of the YouTube audience onto its own site and app, Vevo could collect far more ad revenue, given that YouTube keeps a large portion—neither side will say exactly how much—of what it makes from clips played on its site. "Today Vevo is just a watermark," he says. His dream is to turn it into a youth lifestyle brand.

Working with more than 325 employees in New York City, San Francisco and other cities, Huggers, the former head of Intel's media division, has made strides. In July Vevo released a slick redesign of its website and app aimed squarely at luring YouTube viewers. Now when you open Vevo on your computer or phone, a video launches immediately, an experience much like radio, where music is playing when you turn it on. As with many streaming services, you can create your own playlists or follow those of others and see suggestions for artists you might like based on your viewing history. Huggers says the Vevo app is a place where people can find the best music and won't "stumble upon videos about how to feed a giraffe," as they might on YouTube.

Huggers scored a coup in August when Warner Music Group, the other big-three label, finally agreed to distribute its content through Vevo, plugging a major hole in its catalog. (Warner still has a separate distribution deal with YouTube.)

Vevo's cry for attention is well-timed. Spending on digital video advertising is projected to reach $10.3 billion this year, according to eMarketer, with 43% of that going to mobile. By 2019 it could reach $16.3 billion. Much of that will target Millennials, who don't mind watching on a small screen. It's an audience that's especially hungry for the kind of content Vevo offers.

But YouTube is not about to cede its music fans to anyone. It launched its own dedicated app, YouTube Music, in November 2015. This summer, around the time of the Vevo redesign, it launched a national marketing campaign to promote it. "The feedback from music fans so far has been great," a YouTube spokesperson says. In September YouTube hired industry veteran Lyor Cohen, a former Warner exec and founder of the independent label 300 Entertainment, for a new role called global head

MARCIO JOSE SANCHEZ/AP

of music. Part of his job will be to mend YouTube's fraught relationship with major artists, some of whom argue that the company pays them too little for their content. In a letter to his new crew, Cohen said he looked forward to "helping the music community embrace the technological shifts we're seeing in music today, so we can help take the confusion and distrust out of the equation."

Despite the open rivalry for eyeballs and ad dollars, both Vevo and Google insist the relationship is cordial. "In any relationship there are ups and downs, but it's been mutually beneficial," Huggers says. Google is similarly neutral: "We work hand in hand with them to support artists in making connections with fans around the world," a spokesperson says.

As he seeks to make his mark, Huggers faces yet another challenge. While music-streaming companies like Spotify have experimented with adding videos to their services, no company based specifically on music videos has yet taken off. "I don't think anyone has figured out a competitive model based purely on music videos," says Woody Marshall, a Spotify investor and board member.

Huggers believes Vevo can beat the odds with its recent redesign and an upcoming subscription service. The company plans to start out with a free tier and then phase in a premium service. But it, too, faces long odds. YouTube's own subscription service, YouTube Red, allows fans to "use the music app to listen to music videos offline—without an Internet connection—and uninterrupted by ads or when their phone's screen is turned off," a spokesman says. Red also gives users access to ad-free videos and original YouTube shows. None of that will stop Vevo from forging ahead. Its subscription service is likely to launch in the first half of next year. "We'll ship it when it's ready," Huggers says. For Vevo the bigger question may not be when it will be ready but whether anyone will care. *

HERBERT KNOSOWSKI/AP

FINAL THOUGHT

* *"We are so visually biased that we call our wisest men visionaries."* —**MARSHALL MCLUHAN**

PERSON

STEVE JOBS

Five years after the Apple cofounder's death, Google's derivative new Pixel phones offer redundant evidence of just how significant the iPhone was—and still is.

IDEA

VIRTUAL REALITY, M.D.

VR headsets are helping the legally blind see—and proponents say many other medical and therapeutic applications are coming.

What Price Growth?

To one founder of the iconic Zingerman's Deli, opening a satellite store in the Detroit airport is a no-brainer. To the other, it's a threat to their business model. They've been debating this for decades.

BY BO BURLINGHAM

More than a quarter-century ago Zingerman's Delicatessen in Ann Arbor, Mich. was in the process of winning a cultlike following that had customers from all over the country lining up to order its sandwiches. People had also begun trying to persuade founders Paul Saginaw and Ari Weinzweig to open delis in other college towns. Instead, Saginaw and Weinzweig drew up a remarkable growth plan that has guided them ever since. At least until recently, when an opportunity arose that has challenged their vision.

At the core of the vision was a plan to build other food-related companies in the Ann Arbor area, creating what would be known as Zingerman's Community of Businesses. That community, which has annual revenue of $57.9 million and a pretax profit margin of 3%, now includes a bakery, a creamery, a coffee company, a restaurant, a candy manufacturer, a mail-order company, a caterer, a working farm and a training company. The deli, meanwhile, has more fans than ever. Celebrity chef and restaurateur Mario Batali has called it "a national treasure" and the center of his "gastro-deli universe." President Obama went out of his way to visit the deli on a trip to Ann Arbor in 2014—first, he said, because "the Reuben is killer" but also because of Zingerman's employee-friendly culture. Indeed, among those who know the company, it is almost as renowned for its business structure and management practices as for its food.

Its popularity is the main reason Detroit Metropolitan Airport has long been eager to have a Zingerman's. Today there is one—sort of. It takes the form of a concession in the McNamara Terminal, labeled "Plum Market featuring Zingerman's." Inside, you can find, among other things, Zingerman's coffee, chocolate bars, pastries and cheese and a case of sandwiches made with Zingerman's bread. You may even think it's a Zingerman's store—many people do—and that confusion hasn't hurt sales. Expected to do

Local heroes: Ari Weinzweig (left) and Paul Saginaw have passed up opportunities to re-create their deli around the world.

BRANDON SCHULMAN FOR FORBES


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THOUSANDS OF DOLLARS
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$4 million to $5 million in sales a year, the airport Plum Market has done more than twice that.

Given Plum's success, you might ask why Zingerman's doesn't have its own store at Detroit Metro. It's the kind of question Saginaw has been asking for decades. The answer, at least in part, is his cofounder, Weinzweig.

Their 35-year partnership is a noteworthy achievement considering their contrasting personalities, passions and priorities. It was Saginaw, for example, who approached Weinzweig in 1992 and insisted they decide whether to take the deli national. "We might be stupid not to do it," he said.

Weinzweig didn't disagree but wanted no part of it. "I didn't want to spend my time flying to Kansas City to see some mediocre Zingerman's," he says. "For me it was important to be part of something great and unique." For two years they worked on an alternative plan, ultimately producing a document called "Zingerman's 2009: A Food Odyssey" that detailed their vision of a community of food-related businesses, all in or near Ann Arbor.

Is it possible to sell food that is "great and unique" in an airport?

The opportunity to open a Zingerman's at the airport challenged that vision. The offer came in 1999 from Compass Group, a food-service company that owned the right to develop retail space at the newly renovated and expanded McNamara Terminal. Saginaw was eager to accept. Weinzweig and others had questions: Could Compass—the operator of the store and thus the actual employer—create a Zingerman's work environment? How would employees at the airport interact with those in Ann Arbor? And what about the principle of staying local?

"Paul and I spent hours with the managing partners," Weinzweig says, "and we had open meetings with the staff to discuss whether we could do in that setting what we were doing in Ann Arbor. ... It was a matter of intense discussion and lots of disagreement before we decided to go forward with the plan." But the opportunity fell through in September 2001, when Compass abandoned the project.

The issue remained moot for more than ten years. Then, in 2014, another airport concessionaire, Hojeij Branded Foods, approached Zingerman's. By then a number of the businesses were selling the products wholesale, enough to account for 20% of the company's revenue. Additional sales at the airport represented a huge opportunity to grow.

Again, Saginaw was eager to do a deal. Weinzweig, however, was more opposed than ever. "I don't want to spend more time than I have to at the airport," he says. But there was an alternative. The company was already selling products wholesale to the Plum Market chain, based in Bloomfield Hills. Saginaw urged Hojeij to let Plum have the space and feature Zingerman's products. Hojeij, he suggested, could also set up a "grab-and-go" case stocked with sandwiches made with ingredients from the deli.

In the year or so since, airport sales of Zingerman's products have exceeded expectations, although the grab-and-go case (called Detroit Street Lunchbox) has garnered some negative Yelp reviews because the sandwiches aren't as fresh as those in the deli. "We're working on it," Saginaw says. "No one thought we'd sell so much food there."

And now there's an opportunity to open a Zingerman's-branded cafe in a prime airport location. To Saginaw it's a no-brainer. "Do you know how many customers you have to go out and find to get $10 million in sales? Which I think we could easily do. And it would give us money to do a lot of other things—quickly raise our entry-level wage to $15 an hour, donate more money to the nonprofit sector." He also sees it as a chance to prove that the Zingerman's way of business can work outside Ann Arbor—a thesis he's testing by investing his own money in food ventures in Detroit and Las Vegas.

But he has not been able to achieve consensus. Weinzweig, who doubts it's possible to create a great and unique airport store, remains opposed, as do a few other partners. If consensus proves unattainable, Saginaw says, "I'm going to let this pass because the partnership and the friendship are more important." *

FINAL THOUGHT

* *"I cannot and will not cut my conscience to fit this year's fashions."* —**LILLIAN HELLMAN**

MARGIN PROPHET

WHAT CLAYTON CHRISTENSEN GOT WRONG

KNOWN FOR HIS 1997 BOOK, *THE INNOVATOR'S DILEMMA*, THE HARVARD BUSINESS SCHOOL PROF HAS A NEW TOME, *COMPETING AGAINST LUCK*—AND SOME UPDATED THOUGHTS ON INNOVATION.

You say entrepreneurs should focus more on context and specific jobs to be done. Explain.
Go to McDonald's at 11 a.m.: The people at the back tables are sales or service people who don't have offices. If an automaker were to design a car that could function as an office, a few million people a year would buy it.

What's an example of someone focusing on a specific job to be done?
Minute Clinic, now owned by CVS. The youngest child of one of the founders had an earache on a Friday. She called the pediatrician for a prescription, but the doctor said he had to see the child—could she come in on Saturday? The job to be done is to get a prescription for a sick child without spending half the day doing it.

Does this theory conflict with your disruptive-innovation theory?
My disruption theory is a theory of competitive response. It lets me predict whether a company will go after you or not. What the jobs-to-be-done theory adds is it helps me predict whether a company will succeed.
—*Susan Adams*

BRANDON SCHULMAN FOR FORBES (LEFT)

The superlative-charged chronograph. 50 mm case in Breitlight®. Exclusive Manufacture Breitling Caliber B12 with 24-hour military-style display. Officially chronometer-certified.


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IRAs Gone Wild

Here's how to invest your retirement account in private equity, real estate or gold—without a tax penalty flag.

BY ASHLEA EBELING

A record $7.5 trillion is sitting in individual retirement accounts, the bull market is looking tired, and the Internal Revenue Service's army of auditors has been shrinking. So the temptation to get creative with IRA money has never been greater and the marketing pitches never more pervasive. You can put real estate, private equity, private loans and even gold coins and bullion (but not collectibles or insurance) in a tax-deferred IRA or a Roth IRA, where all growth is tax-free. You do this through a "self-directed" IRA—which is simply one parked at a custodian that allows you to invest in alternative assets.

But the tax rules surrounding self-directed IRAs are tricky, the penalties for violations can be punishing, and the IRS recently started requiring custodians, in their annual filings, to flag accounts holding alternative assets. At the same time Congress' Government Accountability Office is studying self-directed IRAs to see how they're used and if more restrictions are needed.

Seattle tax attorney Warren L. Baker, 37, has spent a decade building a national practice advising owners of self-directed IRAs. He sees both the potential and the peril. One client inherited a $10 million IRA that has grown into a $50 million IRA largely through private equity investments. Another turned a $200,000 Roth IRA into a $10 million tax-free retirement kitty by buying raw land on the edge of a Midwestern city, selling at a profit and investing in more land.

"For the real estate guy driving around looking for deals, it's not that much of a stretch for him to have his IRA buy property," Baker says, adding that his typical client prefers investing in areas where he has expertise over investing in the broad stock market.

Seattle lawyer Warren L. Baker coaches clients on how to stay safe while investing IRA money in startups like football-helmet maker Vicis.

Example: One client, an engineer, used his IRA to invest in Vicis, a three-year-old Seattle company that has developed a high-tech football helmet to reduce head injuries. The company's cofounders include an engineering professor and a pediatric neurosurgeon, and its list of 250-plus investors—it has raised more than $20 million—includes dozens of doctors, current NFL players and Roger Staubach, the legendary Dallas quarterback turned real estate entrepreneur.

That's the promise. The peril? Baker estimates that half of those with self-directed IRAs are violating one or another IRS rule, usually without even realizing it. "If you're handed a gun, you shoot your foot if you don't know how to operate it," he says.

RICK DAHMS FOR FORBES

No, Baker isn't urging all retirement savers to hire $400-an-hour lawyers like him for safety lessons. Instead, he says, those without a good investment reason to hold alternative assets should stick to conventional IRAs. That's what he does.

Baker and his law partner and wife, Angela Carr Baker, earned their LL.M.s in taxation from the University of Washington School of Law in 2005, then hung out their shingle. They invest their SEP-IRAs exclusively in publicly traded securities and are considering selling the one rental property they own (outside their IRAs) because managing it eats up time they'd rather spend with their two young children or earning legal fees.

Still got the urge to invest in a self-directed IRA? Watch out for these risks.

FRAUD The Securities & Exchange Commission warns that scamsters encourage marks to invest through self-directed IRAs as a way to give their schemes a patina of legitimacy. But investors can't rely on IRA custodians to vet their alternative investments. In June an administrative law judge rejected the SEC's first attempt to hold a custodian responsible. The judge agreed with Equity Trust Co., the custodian for 130,000 self-directed IRAs, that it wasn't responsible for fraudulent promissory notes marketed to 100 of its clients.

Peggy Cramer, a vice president of San Francisco-based Pensco Trust Co., which has offered self-directed IRAs since 1989, was disturbed by some of the presentations she heard from competitors recently at the MoneyShow: "I didn't feel like they were being clear enough about the need for extensive due diligence and the risks involved."

CONFLICTS OF INTEREST The punishment for "prohibited transactions" is brutal: Your entire IRA is disqualified, and its assets are considered distributed and taxable as of Jan. 1 of the year of the verboten transaction. What's prohibited? Basically, any deal between the IRA and the IRA's owner or his business entities or his immediate relatives.

So while an IRA can invest in a private company, it usually can't be one that pays you a salary or one you've guaranteed loans for. In March the U.S. Tax Court upheld a $180,000 tax assessment against a couple who had personally guaranteed a loan to a corporation owned by their IRAs. Not only did all the money in their IRAs become retroactively taxable; they also got dinged with a 10% early-withdrawal penalty because they weren't yet 59½ at the point of the violation.

One popular technique these days is to have your self-directed IRA invest in an LLC and then manage investments from that LLC. This provides more flexibility. If you're investing in real estate, you can write checks for expenses from the LLC without going through the IRA custodian, Baker notes. But the LLC layer doesn't change what's prohibited—it can't pay the IRA owner a salary.

And forget IRA deals involving your spouse, says Robert Finkel, a corporate tax lawyer in Waltham, Mass. He recently nixed a client's plan to use $250,000 of his wife's IRA for a cash infusion in his own tech startup and jokes he saved the man from both a tax disaster and a divorce. He also urges anyone investing in a private company to carve up his or her IRA into separate pieces first—that way, if a prohibited transaction is found, only one piece will become subject to tax.

One widely marketed gambit supposedly gets around the prohibition on investing your IRA in your own business. You start a company, establish a 401(k) for it that offers company stock as an investment option, roll your IRA into the 401(k) and then use it to buy company stock. In theory this is legal. In practice? Baker won't assist people doing it, he says, in part because there are multiple steps where you can make a fatal error.

A dicey pitch now being flogged online: Buy gold for your IRA and take delivery of it. But keeping the gold in your basement, bomb shelter or home safe, Baker says, means you're in possession of the IRA's property, likely a disqualifying conflict. Better to store the gold at a depository company.

ANNUAL TAXES An IRA owes annual income taxes on profits from partnerships and LLCs that don't pay corporate taxes and from investments purchased partly with debt. (The top federal income tax rate of 39.6% and the 3.8% net investment income tax both kick in at just $12,400 of taxable income in an IRA.) Yet some IRA owners, and even tax pros, are unaware of this, Baker says, raising the risk their IRA could get hit later with a big bill for back taxes, interest and penalties.

FINAL THOUGHT

"To find yourself, think for yourself." —SOCRATES

TRENDING

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Is the battered German financial giant too big to fail? As the Obama Justice Department trains its sights on it, beleaguered Angela Merkel looks for a way out.

PERSON
JOHN STUMPF
Wells Fargo's CEO is blasted by Congress for the bank's fake-accounts scandal and surrenders $41 million in compensation days later.

IDEA
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How To Find The Right Advisor – For You

Everyone's financial position is different, and everyone's financial goals are unique. Finding an advisor is a key first step to defining what's important to you and outlining a path to achieve those objectives. What's the best way to find an advisor that will meet your needs for the next 10, 20 or 30 years?

To help answer that, we surveyed individual investors, including high net worth individuals, to find out what matters most to them. Here's what they said:

> "With prospective clients, we go through a process and ask a series of questions, starting with, 'What's important to you?' We have a frank and open discussion about their needs and determine how we can best meet their objectives."
>
> **Gregory S.,**
> Founder of an independent Registered Investment Advisor firm

OUTLINE YOUR FINANCIAL GOALS

Before seeking an advisor, think about what's most important to your financial future. By having a sense of your priorities ahead of time, you can direct your advisor's attention to what matters most.

- 54% Saving for retirement
- 33% Minimizing tax exposure
- 29% Help with money management
- 28% Estate planning
- 16% Managing wealth transfer

DETERMINE WHAT QUALITIES ARE MOST IMPORTANT IN AN ADVISOR

Not surprisingly, investors place a premium on advisor integrity. But only 1 in 3 actually know whether or not their advisor is a fiduciary, or someone who is legally bound to put their best interests first. This highlights an opportunity where you could ask more questions in order to understand the type of advisor you're working with.

- 79% Honesty/integrity
- 67% Ability to understand my investment goals and objectives
- 50% A long-term relationship or approach
- 41% Years of experience or professional credentials
- 19% Will act as a fiduciary

DEFINE THE OPTIMAL ADVISOR RELATIONSHIP

The individuals who are most satisfied with their financial advisor identify the below characteristics as the reasons behind their successful relationship. Establishing the kind of dynamic you want with your advisor can lead to a healthy partnership.

- 78% My advisor understands my investment goals and objectives
- 75% My advisor is readily available to discuss my questions and concerns
- 71% My advisor has my best interests at heart
- 63% My advisor clearly explains recommended investments
- 47% My advisor is transparent about fees

Choosing an advisor shouldn't be difficult. The three steps above can help get you started down the right path to finding someone who not only understands your financial goals, but can also help you achieve them.

Charles Schwab Advisor *Voice:* To learn more, visit **www.forbes.com/sites/charlesschwabadvisor**

Based on a 2016 survey of 328 U.S.-based individual investors, including high net worth individuals, conducted by Forbes Insights in partnership with Charles Schwab.

TRUMP OR HILLARY? BULL MARKET EITHER WAY

WITH NOV. 8 NEAR I have no confidence in who wins but see a 2017 stock market victory either way—for evident reasons I've never seen stated.

I've previously shared data showing that when we elect Republicans stocks have done better than average in the run-up but badly in the following inaugural year. The reverse occurs when electing Democrats—bad election years and consistently strong inaugural ones.

I ascribed that to Democrats being foreseen as more antibusiness and yet able to do less than folks fear once they have the presidency, so the inaugural-year surprise becomes positive. Our three-branch government helps here. I well recall Ronald Reagan saying if a president is skilled he can still get only about three important things done in a term, less than many folks fear or hope. Few believe that. I do.

Stocks should treat a Clinton presidency like they normally have Democrats. That would make 2017 a positive surprise. Here's the twist: Since July I've come to see stocks treating a Trump presidency similarly.

Why? Because so many conventional Republican investor types fear him as well—that he will be antitrade, populist, pro-rabble and undignified! As if commerce's chaos were genteel or gentility were needed for bull markets.

EQUITIES SHOULD POP IN 2017 NO MATTER WHO WINS

Never has so much of the GOP firmament so opposed its nominee, including three of the last five nominees, a slice of Congress, big global-trade firms and Wall Street, and its same-name journal. The Trump frumps' fears must all be priced into stocks now. With polls close, stocks act low-returnish—as when Democrats win.

With either victor we'll get congressional gridlock (a new form if Trump prevails). Equities have averaged 22.4% better in Democratic inaugural years. I think we'll get that kind of pop either way in 2017, with stocks like these:

NEWELL BRANDS (NWL, 52,) is a boodle of bright brands: Sharpie, Elmer's, Papermate, X-acto, Coleman, Mr. Coffee and dozens more. It's well-managed, strategic and priced well at 16 times my 2017 earnings estimate. If it falls much relative to the market, I'm convinced there are a bevy of buyers to take over its brands, limiting downside.

Swiss Pharma giant **NOVARTIS (NVS, 78)** has disappointed and lagged for 15 months. Its time is nigh. Management is forthright on problems and on addressing them. Stocks like that. It's turning around potential heart-blockbuster Entresto—and fixing NVS's weak vision segment. Overall, health care has lagged too long. NVS is easily worth more than 17 times my 2017 earnings estimate. It yields 3.46%.

How to react to the Wells Fargo phony-account scandal? First: Buy **WELLS FARGO (WFC, 45)**. Yes, I recommended it at 51 on May 31 and never foresaw this. But this will all blow over after more hyper-hoopla, hand-wringing, likely fines, lawsuits and relatively immaterial settlements. And in no time it will be seen, like most stock scandals, as an unmemorable molehill. Wells Fargo is a great franchise. Its stock will soon enough show that.

Second: Buy five hated banks all in—each at 40% the dollar value of your normal stock purchases—worth two normal stock positions. Which? Number one in the hate hierarchy: **REGIONS FINANCIAL (RF, 10)**. Then in order: **CITIZENS FINANCIAL (CFG, 26)**, **SUNTRUST (STI, 46)**, **FIFTH THIRD BANCORP (FITB, 21)** and **PNC FINANCIAL SERVICES (PNC, 92)**. I'm ranking hate by data from the too-publicized Consumer Financial Protection Bureau (an oxymoron to be sure) on complaints per billion bucks of deposits.

Complaint volume, like scandals, has nothing to do with the basics of a bank's franchise. Overall these banks are just fine. Because they're seen as hated, they're all ultracheap, with better than T-bond dividend yields. Surely they will be working overtime moving forward to improve their images. The time for blowhard senators (and flawed presidential candidates) will soon be over for this cycle. Buying time! F

THOMAS KUHLENBECK FOR FORBES

MONEY MANAGER KEN FISHER'S LATEST BOOK IS *BEAT THE CROWD* (WILEY, 2015). VISIT HIS HOME PAGE AT WWW.FORBES.COM/FISHER.

AN ETF TAX HUSTLE

WHAT'S THE POINT of a sector index fund, like one that buys just oil stocks or just consumer staple stocks? If you knew which sectors were about to get hot, you'd buy those. But you might not know.

Here's another purpose, suited to savers who do not consider themselves clairvoyant. Use exchange-traded sector funds to dodge taxes.

Instead of buying some sectors, buy them all. Own a dozen or more exchange-traded funds. Beginning not quite a year later, do some loss harvesting. Sell losers, temporarily reinvesting the proceeds in similar, but not identical, funds. Stand pat with the winners.

We're talking, of course, about the goings-on in your taxable brokerage account. None of what follows is relevant to IRAs and 401(k)s.

Your goal in the stock market is not to get poorer just so you can put one over on the IRS. No, you'd rather see every one of the sector funds you buy shoot straight up. But such good fortune is not to be expected. In all likelihood you'll wind up with at least a few stinkers.

If you had played this game beginning a year ago you'd now have a 13% return on the whole pot. Within it the biotech sector fund, containing stocks like Gilead Sciences and Incyte, would be down 10% or so.

USE SECTOR FUNDS TO SLICE YOUR TAX BILL

Suppose you owned the PowerShares version of biotech. You'd sell that, capturing a capital loss, and immediately buy the iShares bio fund, which has a somewhat different portfolio. Or vice versa. After 31 days you could swap back into the original sector fund if you wanted to. If the sale occurs less than a year after the purchase, the capital loss would be of the valuable short-term variety.

Such legerdemain makes sense if you can put stockpiled capital losses to use, absorbing gains occurring elsewhere—for example, from the sale of a vacation home or from capital gains distributions thrown at you by your actively managed funds.

Also critical here: an exit strategy for the sectors that go up. Appreciated shares escape capital gains taxation if you give them to charity, give them to low-bracket relatives or leave them in your estate.

Is this hustle legal? You bet. Rich people have been playing loss harvest for years, and now, courtesy of robo-advisors, the middle class is getting in on the action. The professionals do a fine job of slicing up the stock market (into hundreds of stocks rather than a dozen funds), thus capturing more losses. The drawback is the money-management fee. It could eat up a significant fraction of your tax savings.

Do-it-yourselfers should not attempt to create a 200-stock portfolio that mimics the S&P 500 perfectly. Settle for a mix of cheap sector funds that merely comes close to tracking the market. Bear in mind that imperfect tracking does not lower your expected return; it only increases anxiety.

Step one: Find cheap sector funds using the Forbes Best ETFs for Investors 2017 ranking, available online. This scorecard incorporates stock-lending revenue in the cost formula, an important factor in speculative sectors (like biotech). Then use Morningstar's portfolio-analyzer tool to adjust share counts so that the sector weightings match those of the S&P 500.

I used this recipe to create a 14-fund portfolio whose details are in the online version of this column. The six biggest positions, accounting for 70% of the money, are these: the consumer staples and financial funds from **FIDELITY (FSTA, FNCL)**, the health care and industrial funds from **STATE STREET'S SPDR (XLV, XLI)**, and the consumer discretionary and information technology funds from **VANGUARD (VCR, VGT)**.

Morningstar tells me that the composite expense ratio for the 14-fund version is 15 basis points ($150 per $100,000 per year). I calculate that the effective cost, figuring in the lending revenue, is only 3 basis points. That's competitive with traditional index funds.

THOMAS KUHLENBECK FOR FORBES

GO TO FORBES.COM/SITES/BALDWIN FOR MORE ON RETIREMENT STRATEGIES.

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Founder, Sampark Foundation, India

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CEO, Enshaa, United Arab Emirates

EARNINGS SURPRISES IN THE HEARTLAND

THE MIDWEST, WHICH I call home, might be considered an unlikely spot to sprout The Next Big Thing. Images of the heartland do not evoke the sexy creativity of the San Francisco Bay Area or the survival-of-the-fittest competitive dynamic of New York. But what you will find in the Midwest is a meat-and-potatoes adherence to execution, process improvement and commonsense cash generation. Since successful investing tends to be about finding companies that exceed expectations, one approach is to begin by looking at businesses where growth expectations are modest, as modest expectations are considerably easier to beat. Here are my three small-cap Midwest companies with less glamorous businesses that are beating investor expectations:

Headquartered in Oshkosh, Wis., **OSHKOSH CORP. (OSK, 56)** makes access equipment and specialty vehicles for commercial, emergency-response and military customers. Half of Oshkosh's business comes from access products like aerial lifts and telescopic booms marketed under the JLG brand. Sales for such products have declined since 2010 amid weak North American construction demand and cautious replacement cycles from rental firms. However, Oshkosh's defense segment is booming. In August 2015 Oshkosh won a $6.7 billion contract to manufacture the Joint Light Tactical Vehicle (JLTV) for the U.S. Army, and in April the company announced that the production ramp will be faster than initially expected. Additionally, demand has been strong among international clients—particularly in the Mideast—for its Mine-Resistant All-Terrain Vehicle (M-ATV). Although defense will account for only 20% of revenues in 2016, the backlog for defense vehicles was up 88% last quarter compared with the same quarter in 2015. Midwesterners tend to be straight shooters, and Oshkosh has not sugarcoated its challenges in access products. Still, Oshkosh has beaten analyst expectations for two straight quarters, and the stock is near an all-time high, implying that despite the slowness in access, investors are beginning to recognize its potential. Shares trade for a P/E of 17 times my forward EPS estimate of $3.15.

LOOK FOR BUSINESSES WHERE GROWTH EXPECTATIONS ARE MODEST

COOPER-STANDARD HOLDINGS (CPS, 102) of Novi, Mich. is a global leader in making body-sealing systems and fuel- and brake-delivery systems for the automotive industry. In North America it is the leader in fluid-transfer and antivibration systems. Its products are used in passenger vehicles and light trucks made by Ford and GM. In 2009, as a result of the financial crisis and the severe auto industry downturn, the company filed for Chapter 11 bankruptcy and eventually reemerged in mid-2010. Since then the company has been on an acquisition binge, rolling up smaller competitors to gain scale and expand its geographic footprint.

In 2012 Cooper brought in a new CEO, Jeff Edwards, from Johnson Controls. To appeal to global manufacturers' platforms, Cooper is standardizing processes, equipment and product designs across geographic and manufacturing locations. On the financial side, Edwards cut costs by moving manufacturing from high-cost regions like western Europe and North America to lower-cost ones like eastern Europe and Mexico. The result: margin improvement and profits well ahead of expectations in recent quarters. Cooper-Standard shares trade for a P/E of nine times my forward EPS estimate of $11.20.

Lastly, **PATRICK INDUSTRIES (PATK, 64)** in Elkhart, Ind. is a leading manufacturer and supplier of building and component products to the recreational-vehicle and manufactured-housing industries. Patrick sells most of what goes into an RV, including wall/ceiling panels, countertops, fabricated aluminum products, wrapped moldings and cabinet doors.

Chief executive Todd Cleveland, who took over in 2009, transformed the business by consolidating and rolling up smaller suppliers. With 29 acquisitions since 2010, the company has boosted revenues from $278 million to more than $1 billion today. As sales grew, Patrick recognized operating synergies and operational efficiencies, tripling margins over this period. After some positive earnings surprises, shares are up nearly 50% year-to-date but still trade for just 16 times my forward earnings estimate of $4 a share. F

JIM OBERWEIS IS PRESIDENT OF OBERWEIS ASSET MANAGEMENT. FOR MORE INFORMATION VISIT WWW.FORBES.COM/OBERWEIS.

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KENT CLOTHIER, CEO, Founder
Real Estate Worldwide
Kent is a national real estate investing expert and CEO of Real Estate Worldwide. Since 2006, his organization has been providing data-driven marketing and lead generation solutions for top agents and real estate investors throughout the US. In addition, he and his family operate Memphis Invest, one of the country's largest residential real estate investment companies

DAVEN MICHAELS
CEO, Best-Selling Author
With over 30 years of entrepreneurship under his belt, Daven is considered the world's #1 outsourcing and delegation specialist. As CEO of 123 employee, the #1 virtual employee center in the Philippines, he employs hundreds of young, bright individuals. Daven inspires people to achieve their greatness through his consulting, events, and coaching.

NISHANT BHARDWAJ, CEO
Vipracom Web Partners
As a ground-breaking entrepreneur, Nishant was one of the first businesspeople to introduce print-on-demand (POD) technology and products to the mainstream market. He now runs e-commerce, consulting and digital publishing businesses, and helps small-to-medium-size businesses with rapid growth and expansion using paid online media.

WILLIAM WALSH, Founder and President
The Client Catcher
As the founder/CEO of The Client Catcher, William focuses on facilitating targeted marketing plans for companies to acquire new clients while saving businesses time and money. In addition, he mentors entrepreneurs and start-up companies on the ins and outs of marketing, thereby elevating their business to the next level.

CORY MICHAEL SANCHEZ and IRA ROSEN, Co-Founders, MojoGlobal.com
Bestselling authors, international speakers, and winners of the prestigious Phoenix Business Journal's "Marketer of the Year" Award, Cory and Ira are respected globally as top B2B & LinkedIn lead generation and conversion experts. Customers using their proprietary, breakthrough leads systems have booked over 500,000 appointments into their sales pipelines.

LAURA CATELLA, Founder and CEO,
LauraCeeCopy.com
Laura is one the most sought-after direct response copywriters and branding consultants for online businesses. Her writing generates 8 figures in revenue for her clients each year, and increases their brand visibility significantly. Her unique blend of words, persuasion, and psychology make her one of the most innovative marketers in the world today. Connect with Laura at LauraCeeCopy.com.

JONATHAN OTTO, Founder
Captivate Culture LLC
An expert marketer who uses video to connect emotionally and convert sales, Jonathan is the creator of the "Emotional Story-Selling" formula. Through his innovative methods and formulas, he has generated over 100 million dollars online. He actively consults with billion-dollar companies as well as start-ups to help achieve their maximum potential. www.JonathanOtto.tv

JOHN SOUZA, Entrepreneur and CEO,
Interactive Media Ventures
John is a serial entrepreneur and founder of Social Media Marketing University, the world's leading accredited social media training firm, as well as Get Hired Boot Camp, Reliant Biomedical, Certified CPE, and Dream Practice. As a business strategist, John has implemented his rainmaker initiatives successfully in companies across diverse verticals, enabling them to generate over $1.4B in revenue.

DYLAN JONES, Co-Founder
ClickFunnels
World-class product designer, marketer, UX lover, and technical co-founder of ClickFunnels, Dylan has been called "the best designer in the world." Through ClickFunnels' drag-and-drop interface, anyone can set up dynamic, profitable sales funnels for their business. The company's motto is, "We focus on the hard stuff, so you can focus on your business."

BENJAMIN ADKINS, CEO,
Fearless Elite
Dr. Ben is a social media expert and CEO of Fearless Social. As a Chiropractic physician, he identified Facebook as a massive opportunity for his practice and soon began assisting others with social media marketing. Fearless Social is now a premier destination for those who desire to build an expertise-driven online business.

TROY ONTKO, Founder
Skipstone, LLC
Troy is currently working on his third problem-solving venture designed to bring the best of yesterday's offline communication to the online world. Skipstone: an interactive media platform designed to engage on-demand with consumers on any screen. Skipstone also promises the best analytics available- from the spoken word of consumers.

JASON MYERS, Scale-ability Expert & CEO, Co-founder, CXO Collective
Jason has over two decades' experience as an entrepreneur and executive in a variety of industries, from aerospace to online retail. Through CXO Collective, he helps businesses of all sizes – from start-ups to Fortune 500 companies – identify and tap into hidden growth, scale-ability, and success using his Built to Scale (BTS) System®.

DAVID SCHLOSS, Founder and President
Convert ROI, Inc.
David began his online entrepreneurial journey from his college apartment in 2007. Since then, he's helped hundreds of businesses improve their website traffic, customer acquisition, and revenue. His company, Convert ROI, takes complicated social advertising plans and turns them into easy-to-follow revenue-producing campaigns.

BRIAN ANDERSON, President, Media Mash
As a digital entrepreneur with a focus on emerging technologies, Brian serves as president of Media Mash, a digital agency serving franchise, automotive, and political clients. He is also a best-selling author and speaker, training both digital marketing agencies and Fortune 1000 companies on digital marketing solutions, best practices, and implementation strategies.

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LAUREN CONRAD
WANTS TO SAVE THE SEA TURTLES
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MERCEDES-BENZ E-CLASS E300

TECH TO THE FUTURE

FROM INTELLIGENT ENGINES TO A VIRTUAL COCKPIT, THE BEST AUTOS FOR 2017 OFFER GREATER PERFORMANCE AND SOUPED-UP LUXURY. HERE'S WHAT TO DRIVE BEFORE CARS DO ALL THE DRIVING FOR YOU.

BY JIM GORZELANY

Unless you've been living under an overpass, you know it's only a matter of time before autonomous autos rule the road. But what if you'd much rather drive than be driven? Then consider this the last Golden Age of Motoring, a time when those who truly love cars can indulge themselves with models that go fast, handle tenaciously and look good doing it.

To that end here are 15 of the hottest new releases for 2017—with technological advances aimed at real drivers who love the feel of the road. They include stately sedans, sleek sports cars with impossible levels of performance, high-tech hybrid and electric vehicles, and a new generation of SUVs from some seriously luxurious brands.

It's enough to drive you wild.

SEDANS

VIRTUOUS REALITY: AUDI A4

Audi's midsize A4 sedan is redesigned for 2017 and becomes lighter, roomier and more powerful in the process. Available accoutrements include Audi's Virtual Cockpit, which swaps the traditional instrument panel for a configurable and interactive 12.3-inch widescreen video display. In "Classic" operating mode it presents a high-tech take on conventional gauges, while the "Infotainment" setting adds a large central window for navigation system, telephone and audio displays.

Vital specs 2.0-liter turbocharged four-cylinder engine at 190- or 252hp; dual-clutch seven-speed automated manual or six-speed automatic transmission; 25–37mpg
Price $34,900

BELLA MACCHINA: ALFA ROMEO GIULIA

Alfa Romeo dealers in the United States now have a more mainstream ride to sell alongside the hot-blooded 4C sports car, but the midsize Giulia is clearly not a traditional family sedan. It comes wrapped in passionately carved bodywork that's as sleek as an Italian suit. A standard turbocharged four-cylinder engine is plenty quick enough for the masses, but the top Quadrifoglio model should be an enthusiast's favorite

I BRAKE FOR ELK

Among its myriad safety features, Volvo's new flagship S90 (sedan and wagon) can detect the presence of woodland creatures like deer and elk—and automatically slam on the brakes. City Safety with Large Animal Detection, as it's called, may not seem necessary for city folk, but it can also spot urban beasts—like pedestrians, bicyclists and other cars.

with a blazing bi-turbo V6 and other enhancements. The Giulia's rich-looking leather-clad cabin can be trimmed in aluminum, wood or carbon fiber.

Vital specs 2.0-liter 276hp turbocharged four-cylinder or 2.9-liter 505hp bi-turbo V6 engine; eight-speed automatic transmission or six-speed manual
Price $40,000 (est.)

LET THERE BE LUXURY: **GENESIS G90**

Hyundai launches its new Genesis luxury-car line for 2017 with the flagship G90 sedan, essentially a redesigned Equus. The G90 is large-and-in-charge, with stately styling that exudes opulence. Buyers can choose either a twin-turbo V6 or a smooth and powerful V8. The available all-wheel-drive system can channel as much as 90% of the engine's power to the rear axle in "sport" mode for a lively rear-drive feel, but the emphasis is more on comfort than on an exhilarating ride. A handsomely cast wood-and-leather-trimmed cabin features limousine-grade rear legroom and can be fitted with many amenities. There is also an elaborate customer-service plan known as the Genesis Experience.

Vital specs 3.3-liter 365hp twin-turbocharged V6 engine or 5.0-liter 420hp V8 engine; eight-speed automatic transmission; 15/23–17/24mpg
Price $68,100

GENESIS G90

LINCOLN CONTINENTAL

AUDI A4

ALFA ROMEO GIULIA

AMERICAN GRANDEUR: **LINCOLN CONTINENTAL**

Lincoln redoubled its efforts to regain its status as a premier luxury brand for 2017 with the reborn Continental. It's a far more refined flagship than the rental-fleet-favorite MKS it replaces and features quietly elegant exterior styling that's capped with the automaker's large and largely rectangular grille. Three engine choices include a twin-turbo V6 with a V8-like 400 horses. A new three-mode suspension and steering array maintains a smooth ride and confident handling, with all-wheel drive available for enhanced foul-weather grip. The Continental coddles its occupants with a rich and roomy interior, which can be fitted with 30-way adjustable front seats that are heated and cooled and offer massaging, so even the worst commutes will have their pleasures.

Vital specs 3.7-liter 305hp V6, 2.7-liter 335hp turbocharged V6 or 3.0-liter 400hp twin-turbocharged V6 engine; six-speed automatic transmission; 16/24–18/27mpg
Price $44,560

INTELLIGENT DESIGN: **MERCEDES-BENZ E-CLASS**

The tenth-generation Mercedes-Benz E-Class sedan is elegant and urbane, and can be packed with innumerable futuristic features. These include the first steering-wheel controls for a car's infotainment system that respond to horizontal and vertical swiping gestures like a tablet computer. Customizable ambient lighting can illuminate various parts of the interior with any of 64 colors, while the door armrests and center console can be heated for cold-weather comfort. What's more, Mercedes' Drive Pilot system brings the E-Class a step closer to autonomous driving, with assisted highway steering and lane changing. While the base E300 is passively aggressive with a turbo-four engine, there's also a smoking-hot 396hp AMG E43 version.

Vital specs 2.0-liter 241hp turbocharged four-cylinder engine or 3.0-liter 396hp bi-turbo V6; nine-speed automatic transmission; 22/29–22/30mpg
Price $52,150

BENTLEY BENTAYGA

SPORT-UTILITY VEHICLES

THE POSH PERFORMER: **BENTLEY BENTAYGA**

Bentley debuts what it says is the “fastest, most luxurious, and most exclusive sport-utility vehicle in the world” for 2017, and who can argue? No mere carpooler, the Bentayga (its tongue-twisting appellation is a combination of co-founder W.O. Bentley’s name and “taiga,” the snow forest that traverses multiple continents) is propelled by a powerhouse W12 engine and all-wheel drive. Inside it’s all Bentley: The handcrafted interior can be personalized with assorted leathers and veneers, and the backseat fitted with dual removable Android tablet computers. Exclusive bespoke options include a mechanical self-winding Mulliner Tourbillon by Breitling dashboard clock at a breathtaking $160,000.

Vital specs 6.0-liter 600hp twin-turbocharged W12 engine; eight-speed automatic transmission; 12/19mpg
Price $229,100

FISHING FOR COMPLIMENTS

Well-heeled anglers can equip the already over-the-top Bentley Bentayga SUV with a lavishly bespoke “Fly Fishing by Mulliner” option, which includes a leather-trimmed “master tackle station,” leather storage for fishing rods and nets, and what is probably the most elegant refreshment cooler ever fabricated. The trunk-mounted set even includes an electronic dehumidifier to keep things from smelling musty après la pêche. Bentley sets the price at $100,000 or more, depending on the materials. Fish sold separately.

A CROSSOVER STAR IS BORN: **CADILLAC XT5**

Far more chic than the sedate SRX it replaces, Cadillac’s new XT5 midsize crossover SUV affords added passenger room and cargo space in an efficiently and elegantly styled package. It packs a 310hp V6 engine and a new “twin clutch” all-wheel-drive system that enhances the wagon’s handling abilities on wet or dry asphalt. Its opulent five-passenger cabin can be accented with carbon fiber, two kinds of aluminum or three types of genuine wood, along with a video rearview mirror that provides a wide and unobstructed high-definition view of what's behind the vehicle.

Vital specs 3.6-liter 310hp V6 engine; eight-speed automatic transmission; 18/26–19/27 mpg
Price $38,995

SEXY BEAST: JAGUAR F-PACE

Jaguar leaps into the luxury SUV market for 2017 with the lithe and lively F-PACE compact crossover. The F-PACE shares its 3.0-liter supercharged V6 engine with the F-Type sports car; a more fuel-efficient turbodiesel version will be joining the line later in the model year. An optional Configurable Dynamics system allows a driver to fine-tune throttle, suspension, steering and transmission response for a sportier or a more relaxed experience.


JAGUAR F-PACE

BAND ON THE RUN

A long-standing dilemma among weekend warriors is what to do with the car keys or a keyless fob while swimming or biking. Jaguar solves the problem for owners of its new F-PACE SUV with an optional "Activity Key," which incorporates the electronic key chip inside a wearable, waterproof wristband.

The F-PACE also has a well-appointed interior that can be dressed up with ten-color ambient lighting and a choice of metal and wood finishes.

Vital specs 3.0-liter 340- or 380hp supercharged V6 or 2.0-liter 180hp turbodiesel four-cylinder engine; eight-speed automatic transmission; 18/23-26/33mpg
Price $40,990


CADILLAC XT5

A MIGHTY WIND: MASERATI LEVANTE

Another newcomer to the upscale SUV arena, Maserati's luscious Levante is fast and fashionable and promises added exclusivity over mainstream-branded luxury crossovers. Named for the strong Mediterranean wind, the Levante is suitably tempestuous, with a twin-turbocharged V6 engine, a low center of gravity, an optimal 50:50 front-to-rear weight ratio and an electronically controlled air suspension that sits at five separate ride heights. Its fashionably fabricated cabin can be trimmed in supple leather and Ermenegildo Zegna silk and fitted with a 1,280-watt Bowers & Wilkins sound system.

Vital specs 3.0-liter 345- or 424hp twin-turbocharged V6 engine; eight-speed automatic transmission; 14/19-14/20mpg
Price $72,000


MASERATI LEVANTE

HYBRID/ ELECTRIC CARS

THE HOT HIGH-TECH HYBRID: **ACURA NSX**

ACURA NSX

Acura brings sexy back for 2017 in the form of the NSX sports car. It's been reinvented after an 11-year absence as a gas/electric hybrid and offers neck-snapping performance to underscore its good looks. The next-generation NSX leverages dual electric motors and a turbocharged V6 engine to provide impressive bursts of speed, and it employs a fully independent suspension and Acura's Sport Hybrid Super Handling All-Wheel Drive system to keep the car planted through the sharpest turns. The Integrated Dynamics System lets a driver fine-tune the NSX engine, motor, transmission and chassis response, and a "launch" function enables sudden acceleration from a standing start without unduly smoking the tires.

Vital specs 3.5-liter twin-turbocharged V6 engine and dual electric motors with 573 combined horsepower; nine-speed dual-clutch automated manual transmission; 21–22mpg
Price $156,000

CHEVROLET BOLT

CHARGE IT, PLEASE: **CHEVROLET BOLT**

The first true challenger to the Tesla in the nascent electric car market is Chevrolet's 2017 Bolt EV. This expressively styled and reasonably spacious small four-door hatchback delivers an estimated 238 miles on a charge, sufficient to cover all but the longest road trips. That beats the 215-mile range promised by the coming Tesla Model 3 and is more than twice the capacity of the Bolt's closest competitor, the Nissan Leaf. The Bolt is also priced in the sweet spot of the market, selling for around $30,000 after the onetime $7,500 federal tax credit granted to EV buyers.

Vital specs 150kW/200hp electric motor; single-speed transmission; 238 miles per charge
Price $37,495

PLUG IN, TURN ON: **PORSCHE PANAMERA**

With a sensational 2017 makeover that solidifies its status as one of the most magnificent sedans on the planet, the all-wheel-drive Porsche Panamera 4 is going electric—it will soon be offered in a plug-in E-Hybrid version. Here, an already quick twin-turbo V6 gasoline engine is further enhanced by an electric motor to achieve a combined Porsche-worthy 462hp. The Panamera can run for the first 31 miles solely on battery power for zero-emissions driving, but engaging the E-Hybrid's "Sport Plus" mode unleashes its true performance-car persona with a 4.4-second 0–60 time and a felonious top speed of 172mph.

Vital specs 2.9-liter twin-turbo V6 and 100kW electric motor with 462 combined horsepower; eight-speed dual-clutch automated manual transmission
Price $100,000 (est.)

PORSCHE PANAMERA 4 E-HYBRID


a tripadvisor traveler review
"GORGEOUS PROPERTY AND EXCEPTIONAL SERVICE"
cjw123456, Illinois
St. Regis Bahía Beach Resort, Río Grande
We visited this beautiful property last December between Christmas and New Year's and immediately booked a return for this year.
It is a gorgeous property with long, winding wooden pathways, a lovely pool, large rooms with absolutely huge luxury bathrooms…
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SPORTS CARS

YOUR NEW RIDE, MR. BOND: **ASTON MARTIN DB11**

Aston Martin debuts the DB11 for 2017, the latest in a long line of exotic British sports cars that includes James Bond's iconic DB5. The coupe's expressively athletic exterior pays homage to its predecessors with signature elements like a front-hinged hood and the automaker's iconic trapezoidal grille. One expects a car that looks this good to go fast, and the DB11 does not disappoint—with a galloping 600 horses that enable it to reach 62mph in 3.9 seconds. A suite of advanced chassis-control systems, including electric power steering, torque vectoring and an adjustable suspension, helps the DB11 maintain a supple luxury-car ride with true sports car cornering abilities.

Vital specs 5.2-liter 600hp V12 engine; eight-speed automatic transmission
Price $211,995

ASTON MARTIN DB11

LOW RIDE, HIGH LUXURY: **LEXUS LC 500**

Lexus expands the performance side of its luxury car portfolio for 2017 with the LC 500 coupe, which will later be joined by a gas/electric hybrid version and a convertible. An attractive blend of swoopy curves capped by the brand's signature spindle grille, the midsize LC 500 is light and lively, thanks to extensive use of race-car-worthy carbon fiber and composite materials. Its potent V8 engine facilitates a sprint to 60mph in around 4.5 seconds. The LC's driver-focused interior is engineered to place your hip point as close to the vehicle's center of gravity as possible for optimal handling.

Vital specs 5.0-liter 467hp V8 engine; ten-speed automatic transmission
Price $100,000 (est.)

LEXUS LC 500

AMERICA'S SUPERCAR: **FORD GT**

If the Chevy Corvette is "America's sports car," then the Ford GT is the nation's supercar. This street-legal racer's teardrop-shaped profile comes bedecked with curves, creases and vertical-opening doors—painted in white it looks like a *Star Wars* stormtrooper. Built with extensive use of lightweight composite materials, the 2017 GT puts more than 600hp on the pavement (via a V6 engine, no less) and rides on a track-ready suspension with ultra-grippy carbon ceramic brakes at all four corners. Unfortunately the GT is nearly unobtainable—Ford says it's already taken more than 6,500 applications for the first 500 GTs to roll off the line, which will amount to two years of production.

Vital specs 3.5-liter 600hp twin-turbocharged V6 engine; seven-speed dual-clutch automated manual transmission
Price $400,000 (est.)

FORD GT

Ad Council
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Features

NOVEMBER 8, 2016

Unlike most tribes, the Florida Seminoles never signed a peace treaty with the U.S. government in the 1800s. More than a century later, their pioneering fight to allow gambling on reservations culminated in the 1988 Indian Gaming Regulatory Act. Today each of the tribe's 4,100 members receives an estimated $128,000 annual dividend from the Seminoles' gambling operations.

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AUSTRALIAN PHOTOGRAPHER RUSSELL JAMES SPENT TWO YEARS PHOTOGRAPHING THE SEMINOLES FOR HIS 30-PIECE "SEMINOLE SPIRIT" COLLECTION. DETAILS AT RUSSELLJAMES.COM.

END OF THE BIOLOGICAL CLOCK

SERIAL ENTREPRENEUR MARTIN VARSAVSKY HAS A $200 MILLION WAR CHEST BUILT AROUND PERSUADING WOMEN TO FREEZE THEIR EGGS WHILE THEY'RE YOUNG. DECISIONS ABOUT CAREER, MATES AND MOTHERHOOD WILL NEVER BE THE SAME.

BY MIGUEL HELFT

TIMOTHY ARCHIBALD FOR FORBES

"We're about helping women and couples have healthy babies when they're ready," says Varsavsky, pictured with his wife, Nina, who is expecting the first "Prelude baby."

Even among the hyperactive overachieving techies in his cohort, Martin Varsavsky stands out. He's built more successful businesses—six—than all but the most prolific serial entrepreneurs. He's also fathered more children—six as well—than all but the most prolific dads. Yet at 56 Varsavsky, one of the most recognizable figures in Europe's tech scene, is going for something of a "lucky seven." Twice.

After moving to the United States from Spain two years ago, he set to work launching another company. And his wife, Nina, is expecting another child in January, their third together. "We call him Seven for now," Varsavsky quips. The two sevens are inextricably linked. His new startup, Prelude Fertility, whose story is being told here for the first time, has a bold plan to turn the infertility industry on its head. Varsavsky isn't just Prelude's founder—Seven, his upcoming child, will be the first "Prelude baby."

Armed with $200 million, Prelude plans to take the technology of infertility—in vitro fertilization and egg freezing—and aggressively expand it into fertility, hoping to usher in a world where women's decisions about family and career aren't ruled by their biological clocks. Rather than cater primarily to women nearing the end of their childbearing years, who often find it harder to conceive, Prelude will target women in their late 20s to mid-30s, when it's easier to harvest eggs and when those eggs are more likely to lead to healthy babies. As women increasingly delay childbirth—nearly one in three in America now has her first child after 30 and nearly one in ten after 35—Prelude sees itself as an insurance policy that gives women more control over their childbearing choices. "We're about helping women and couples have healthy babies when they're ready," Varsavsky says.

Prelude isn't the first company to urge women to think about fertility earlier in life. While some critics decry egg freezing for younger women as a risky, often unnecessary procedure that can give them a false sense of security and increase pressure to put career before family, a gaggle of new businesses with names like Extend Fertility and EggBanxx have sprung up to serve them, offering financing plans that make it easier to cover the procedure, which can cost $5,000 to $10,000 or more. (Adding IVF can easily double the cost.) Two years ago Apple and Facebook became the first major companies to offer egg freezing as a benefit, and this year the Pentagon launched a pilot program that pays for egg and sperm freezing, part of an initiative to retain troops.

But Prelude aims to take the idea mainstream, giving it scale and Silicon Valley pizzazz. Varsavsky has already put his war chest to work, spending, it's estimated, tens of millions of dollars to buy a majority stake in the largest in vitro fertilization clinic in the Southeast, Reproductive Biology Associates of Atlanta, and its affiliate, My Egg Bank, the largest frozen donor egg bank in the nation. The acquisitions anchor what Varsavsky hopes will eventually become a national fertility brand. Rather than offer services piecemeal, like egg freezing, storage, IVF and hormonal medications, Prelude will pitch a comprehensive package it calls the Prelude Method. It includes four steps: egg freezing and preservation, embryo creation when a woman is ready, comprehensive genetic screening for congenital diseases and chromosomal abnormalities, and "single embryo transfers" to minimize the chances of conceiving twins or triplets, a frequent occurrence when women transfer multiple eggs during IVF. (Prelude, which hopes to cater to couples who may not be ready to have children, will also offer sperm freezing for men.) Prelude also plans to make the process more affordable, offering options with low upfront fees. Keeping the eggs safe and frozen, however, will start at $199 a month.

"FOR ME THAT'S AS LIBERATING AS THE PILL WAS IN THE 60S."

Prelude is betting that young women will pay a few grand a year to alter the equation between career and family. "If you know that your eggs are safe and sound, what decisions would you make about your life?" says Allison Johnson, a former top marketing executive at Apple who helped to launch the iPhone and who overcame her own fertility issues with hormonal treatments. Her agency, West, is helping to develop Prelude's go-to-market plan. "That what's really exciting about this," Johnson says. "Go pursue that graduate degree. Wait for your soul mate. Go travel the world. Your eggs are waiting for you. For me that's as liberating for women as the pill was in the 60s."

VARSAVSKY BEGAN THINKING about Prelude about six years ago. A tech entrepreneur who has long had an interest in life sciences, he hit a snag in his life when he and Nina tried to start a family. Nina, 31 at the time, found out she was infertile shortly after the couple married. They were able to conceive their first child through IVF—and froze their eggs and sperm for future use. They now have two healthy children, ages 5 and 3, and that third one on the way, all conceived through IVF, but the experience


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was wrenching. (The couple also went through a battery of genetic tests, many of which will be part of the Prelude Method.) And the Varsavskys knew couples who weren't able to conceive through IVF. The data confirm their experience: 12% percent of American women ages 15 to 44 face difficulties having a baby on their own, according to the Centers for Disease Control & Prevention.

Ever since his childhood in Buenos Aires, Varsavsky has consistently looked for unique opportunities in big markets. His family immigrated to the United States in the 1970s as refugees after his cousin David Varsavsky was murdered—"disappeared," in the euphemism of the time—by the Argentine military government. While in graduate school at Columbia University, he launched a real estate company that converted industrial buildings into residential lofts. Two years later he and fellow Argentine César Milstein, a Nobel laureate in medicine, cofounded a biotech company called Medicorp Sciences, now based in Montreal, that developed an early AIDS treatment.

In the 90s Varsavsky turned his attention to a string of telecom endeavors. The first, Viatel, founded in 1991 in New York City, provided low-cost long-distance calling. It went public within three years. In 1995 Varsavsky moved to Madrid and subsequently started Jazztel, a provider of telecom and Internet services that went public in 1999. He then launched Ya.com, a DSL provider and Internet portal sold two years later to Deutsche Telekom. His next company, a German applications service called Einsteinet, failed quickly, personally costing him $50 million. No biggie. The string of successes left Varsavsky with a net worth that FORBES estimates at $300 million.

After lying low following the dot-com crash, Varsavsky founded Fon, an outfit with an ambitious plan to create a global network of "Foneros," who would share their Wi-Fi connections with one another, allowing users on the go to connect to the Internet anywhere in the globe. The startup, which was backed by Google, Skype, Sequoia Capital and Index Ventures, has grown to more than 20 million users, though it has yet to achieve its vision of Wi-Fi ubiquity. After the company became profitable last year, Varsavsky says, he decided to step down as CEO (he remains chairman) to focus full-time on fertility.

Prelude was officially born in 2015. Varsavsky quickly realized that the typical tech startup model wouldn't work. Because of regulation and other hurdles, he decided it would be best to buy into an existing fertility clinic and egg bank. That meant he would need to seek funding from private equity rather than venture capital. He eventually settled on Lee Equity Partners, which focuses on middle-market transactions and had been eyeing the potential of the IVF business.

The IVF industry in the United States has everything private equity likes—scale (about $2 billion annually) and growth (more than 10% a year), along with being fragmented and having outdated marketing. It's an industry associated with failure: Roughly two-thirds of IVF cycles produce no baby, according to the Society for Assisted Reproductive Technology (SART). By freezing women's eggs before their fertility starts to wane, Prelude should be able to tell stories of success. With its initial purchases—the thriving RBA practice and My Egg Bank, which freezes roughly 40% of all donor eggs in America—Prelude is already profitable, on revenues estimated at about $35 million. And it's poised for continued growth. "We intend to expand nationally and partner with leading clinics in the U.S.," says Collins Ward, a principal at Lee Equity.

> "WE NEED TO GIVE WOMEN THE OPTIONS TO HAVE A FAMILY WHEN THEY WANT TO."

TECHNIQUES FOR EGG RETRIEVAL and freezing, officially called oocyte cryopreservation, have been around for more than 30 years and were often used as a way to preserve fertility in cancer patients undergoing chemotherapy. Women typically go through a course of fertility drugs that stimulate the ovaries to produce eggs. Doctors then extract the eggs with a needle that pierces through a vaginal wall into the ovary. Because an egg, unlike embryos, is a single cell made up mostly of water, the standard slow-freezing technique often produced ice crystals, making the eggs unusable.

In the past decade vitrification, a new flash-freezing technique, has vastly improved success rates, leading the American Society for Reproductive Medicine to remove the "experimental" label from the process in 2013. However, the group issued a warning: "Marketing this technology for the purpose of deferring childbearing may give women false hope and encourage women to delay childbearing."

As of now RBA, tucked in a suburban Atlanta office park, serves as Prelude's nerve center. To visitors it looks like a standard medical office, with waiting rooms and exam rooms along corridors painted in pastels and adorned with soothing images. Behind the scenes several technicians work inside a large lab, some staring into microscopes and some at computer screens, amid an array

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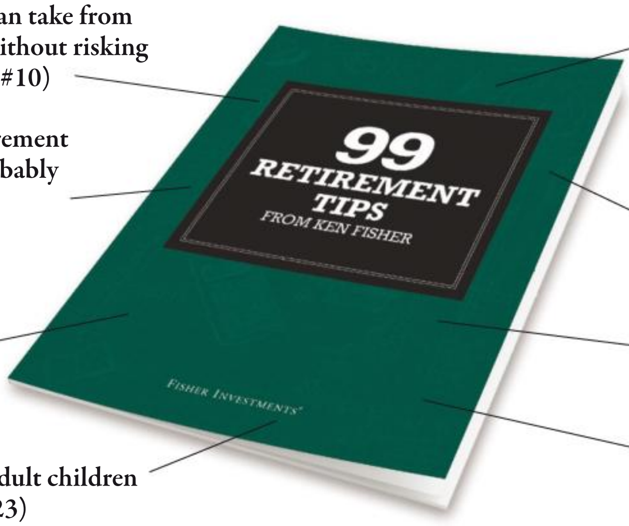

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B.Paid Circulation (By Mail and Outside the Mail)		
(1) Mailed Outside-County Paid Subscriptions Stated on PS Form 3541 (Include paid distribution above nominal rate, advertiser's proof copies and exchange copies)	869,207	884,912
(2) Mailed In-County Paid Subscriptions Stated on PS Form 3541. (Include paid distribution above nominal rate, advertiser's proof copies and exchange copies)	0	0
(3) Paid Distribution Outside the Mails Including Sales Through Dealers and Carriers, Street Vendors, Counter Sales and Other Paid Distribution Outside USPS®	36,266	27,341
(4) Paid Distribution by Other Classes of Mail through the USPS (e.g. First-Class Mail®)	0	0
C.Total Paid Distribution (Sum of 15B (1), (2), (3) and (4))	905,473	912,253
D.Free or Nominal Rate Distribution (By Mail and Outside the Mail)		
(1) Free or Nominal Rate Outside-County Copies Included on PS Form 3541	39,722	24,182
(2) Free or Nominal Rate In-County Copies Included on PS Form 3541	0	0
(3) Free or Nominal Rate Copies Mailed at Other Classes through the USPS (e.g. First-Class Mail)	0	0
(4) Free or Nominal Rate Distribution Outside the Mail (Carriers or other means)	8,401	6,630
E.Total Free or Nominal Rate Distribution (Sum of 15D (1), (2) (3) and (4))	48,123	30,812
F.Total Distribution (Sum of 15C and 15E)	953,596	943,065
G.Copies Not Distributed (See instructions to Publishers #4 (page #3))	61,040	52,141
H.Total (Sum of 15F and 15G)	1,014,636	995,206
I.Percent Paid (15C divided by 15F times 100)	94.95%	96.73%

16. Total circulation includes electronic copies.
Report circulation on PS Form 3526-X worksheet.
17. Publication of Statement of Ownership
☒ If the publication is a general publication, publication of this statement is required. Will be printed in the November 8, 2016 issue of this publication.
☐ Publication not required.
18. Signature and Title of Editor, Publisher, Business Manager or Owner
Nina La France,
Senior VP, Consumer Marketing & Business Development
I certify that all information furnished on this form is true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material or information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including civil penalties).

The United States Postal Service (USPS) requires that subscriptions purchased by a company or association for the benefit of any individual be counted as free distribution. The Audit Bureau of Circulations (ABC), which Forbes magazine utilizes for circulation validation, counts these same subscriptions as paid.

of equipment that includes several large incubators. There's a mechanically controlled machine that allows a technician, watching through a microscope, to use a tiny syringe to pierce the membrane of an egg and fertilize it with sperm. Next to the lab is a large storage room filled with cryopreservation tanks, wheeled 3-foot-tall units shaped like small R2-D2s. Each is filled with liquid nitrogen and preserves embryos and eggs at –321 degrees Fahrenheit.

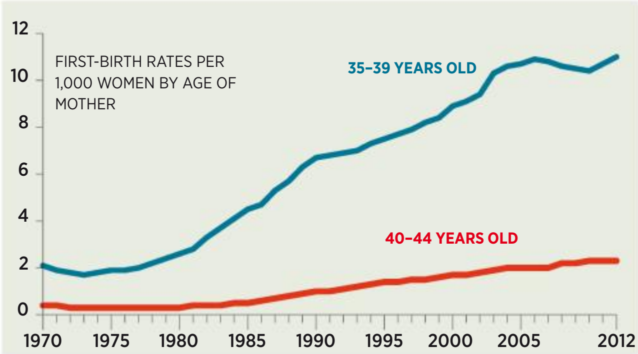
Until recently, the number of women who have chosen to freeze their eggs to preserve fertility options was relatively small (6,200 in 2014). But after Apple's and Facebook's announcements of egg-freezing benefits and as celebrities like Sofia Vergara and Kim Kardashian have gone public about the procedure, fertility doctors are reporting a surge of interest.

There's no dispute that banking eggs earlier in life improves outcomes. RBA's Dr. Zsolt Peter Nagy, who helped pioneer vitrification techniques, says an egg extraction in a 32-year-old woman will typically yield between 15 and 20 eggs, which would eventually result in about 10 to 14 fertilized eggs and 4 to 8 usable embryos. A 40-year-old patient, meanwhile, would typically produce between 4 and 15 eggs but end up with fewer than 3 usable embryos—and in some cases none. As a result, an IVF cycle with eggs from a 32-year-old woman has a roughly 50% chance of resulting in a live birth, according to data from the CDC; the figure drops below 20% for a 42-year-old woman.

But there are plenty of skeptics and critics. While egg extraction and freezing is safe in most cases, the required injections can cause swelling and discomfort. In a small number of cases complications require hospital care. "Retrieving multiple eggs involves injections of powerful hormones, some of them used off-la-

OLDER FIRST-TIME MOTHERS ON THE RISE

FIRST-BIRTH RATES, BY SELECTED AGE OF MOTHER.



SOURCE: CDC.

DECLINING FERTILITY

PERCENTAGE OF TRANSFERS OF EMBRYOS THAT RESULT IN A LIVE BIRTH, BY AGE OF WOMAN.

SOURCE: CDC.

bel and never approved for egg extraction," Marcy Darnovsky, the executive director of the Center for Genetics & Society, said in a widely cited critique. "The short-term risks range from mild to very severe, and the long-term risks are uncertain because they haven't been adequately studied." Others say the industry is putting profits ahead of safety. And cost is an issue, too, especially since most of the frozen eggs will never be used. In 2014 only 1.6% of babies born in the United States were conceived through IVF, according to SART, whose data cover more than 90% of the clinics.

But in some ways, concerns about the cost miss the point. Young women don't freeze their eggs in order to pursue IVF in the future. They freeze them to have the option—an insurance policy that unwinds the biological clock and lets women pursue career advancement as freely as men without having to compromise in their choice of partner. If those frozen eggs are never used, such is the cost of peace of mind. "I feel totally liberated," says Leila Janah, 33, a well-known Silicon Valley social entrepreneur, who recently wrote about her decision to freeze her eggs. She says professional women often face mixed messages: intense pressure not only to succeed in their careers but also to "settle down," whether or not they have found the right partner. "If we want to promote women's full participation in the workforce and the world, we need to give them the options to have a family when they want to," says Janah.

VARSAVSKY IS KEENLY AWARE that Prelude is jumping into sensitive territory. But he's driven by the conviction that infertility in all its forms—the ability of a woman not only to have a child but also to have as many as she wants—takes an increasingly painful toll on families. Prelude—not counting the staff of roughly 100 at RBA and My Egg Bank—remains tiny, with just 5 employees, and almost all of them have been touched by infertility, giving the company a sense of mission. "The emotional part is driving what we are trying to do," says Tia Newcomer, Prelude's chief revenue officer, whose husband is a cancer survivor who opted not to freeze his sperm when he was diagnosed at age 18, forcing them to seek the help of a sperm donor in order to have children.

From Johnson's offices at West in the San Francisco Presidio, which Varsavsky uses as temporary headquarters, Prelude is developing a marketing campaign that promises to focus on education rather than fear. That will include encouraging women and their ob-gyns to test more routinely for a hormone, AMH, whose levels can determine the likelihood of infertility. And Varsavsky is plotting to take the company national by partnering with a network of clinics that will offer the Prelude Method. The advertising push is expected to begin this month. "The science of Prelude will work," Varsavsky says. "If we fail, it's because we fail in making Millennials to think ahead."

Millennials, it should be noted, are known to fixate on getting what they want—when they want it. Why should procreation be any different? "One of the changing elements in health care is consumer choice, and I think that Martin is introducing that in the fertility sector," says Anne Wojcicki, the founder and CEO of genetic-testing company 23andMe and a friend of Varsavsky's.

One recent academic study asked not whether it is a good idea for younger women to freeze their eggs but when was the optimal time to do so. Dr. Tolga Mesen, the lead author, plugged variables such as rates of marriage, pregnancy and miscarriages, and even cost, into a model to determine the probability of success and the likelihood the eggs would be used. While most women will never need to freeze their eggs, Mesen said, the procedure can be life-changing for some patients.

The ideal age to do it? Between 31 and 33. Young enough to make Varsavsky's seventh startup his biggest, if American women buy in. F

GoFundMe CEO Rob Solomon: "We'll soon be the largest giving organization in the world, larger than the Gates Foundation."

FREE MARKET PHILANTHROPY

GoFundMe

is changing the way people give money to causes big and small, but it is not a charity or a foundation. It's a highly profitable company with a brilliantly simple business model.

BY SUSAN ADAMS

ate in 2012 Eliza O'Neill, a lively, talkative 3-year-old growing up in Columbia, S.C., started stumbling over her words. "Something was just not right," recalls her father, Glenn, then a procurement manager for a data-storage company. A series of tests brought devastating news. Eliza had Sanfilippo syndrome, a rare and incurable disease that would erase her ability to speak, destroy her motor function and kill her before she reached adulthood.

Desperate, Glenn and his wife, Cara, a pediatrician, discovered that a hospital researcher was working on an experimental gene therapy that had shown promising results in mice. But the trial needed funding. The O'Neills quickly set up a tax-exempt foundation and, at no cost, posted a fundraising appeal on a three-year-old crowdfunding site called GoFundMe. Anyone moved to contribute could click a big rectangular "Donate Now" button and share the good deed on social media.

The O'Neills' funding goal was $1 million. Three years later, spurred by a three-minute video about Eliza that has been viewed on Facebook and YouTube nearly one million times, 37,000 donors around the world have given the O'Neills' foundation more than $2 million via GoFundMe. This May Eliza became the first child to receive the experimental therapy, and her parents are hopeful her condition will improve. "It's a miracle that this happened," Glenn says.

It has also been very good for GoFundMe, which takes a 5% cut of the money raised on the site. For hosting the O'Neills' appeal, it has reaped more than $100,000. GoFundMe is not a philanthropy; it is an increasingly valuable for-profit business prominent on FORBES' 2016 list of next billion-dollar startups. After achieving a reported valuation of $600 million in a July 2015 venture capital deal, it hit a growth spurt. In its first five years before the deal it channeled $1 billion in donations. Then it took just nine months to hit

ERIC MILLETTE FOR FORBES

the second billion and only seven months to move a third billion in donations. For 2016 GoFundMe is projecting revenue of $100 million and an operating profit margin of more than 20%. GoFundMe is more than twice the size of the world's next-largest crowdfunding site, Kickstarter, which focuses on artistic projects and new products. Like GoFundMe, Kickstarter takes 5% of the money it raises, though it doesn't collect if campaigns don't reach their goals. GoFundMe collects no matter what. It also imposes a 2.9% credit card processing fee plus 30 cents per donation.

GoFundMe's brass are unapologetic capitalists who see the profit motive as perfectly aligning with the company's objective: getting more people to give more money more efficiently to a vast array of "personal causes." Because GoFundMe's profits directly correlate with how much money it can persuade others to give away, the business is highly incentivized to increase the total amount people donate to others. The one million fundraisers pumping away on the site run the gamut from the Cure Sanfilippo Foundation to disaster relief for victims of the August Baton Rouge floods (6,400 GoFundMe campaigns have raised $11.2 million) to a couple who want help paying for their Prague honeymoon.

"Nobody's been able to really harness the power of the people to raise funds," says CEO Rob Solomon, 49, a UC Berkeley grad who grew up in Manhattan and Miami while his activist mother protested anti-gay-rights proponent Anita Bryant. "A for-profit in this space will perform better than a nonprofit. You need a modern Internet company to do that." GoFundMe already channels more than twice as much as the Red Cross, which collected contributions of $604 million last year. The 135-year-old charity, where 90% of spending goes to programs, has only praise for GoFundMe's winning formula. "If GoFundMe can make money and do good deeds at the same time," says Neal Litvack, the organization's chief marketing officer, "that's probably a good thing."

At GoFundMe's headquarters in Redwood City, Calif., 60 staffers in jeans and sneakers spend their days the way many other Silicon Valley startup workers do, tapping away at workstations spread out in a 9,000-square-foot, open-plan office inside a gleaming glass-and-steel building set back from a leafy street. Meetings happen in conference rooms named for successful campaigns like Saving Eliza and Ibra's Chair, which raised $33,000 for a Kenyan-born high school student with cerebral palsy who needed an electric wheelchair. Solomon, who has no office and works instead at a standing desk next to a window, says the developers and designers are devoted to "optimizing for conversion." That includes refining the website's user interface to make it more likely to drive donations. Those who start campaigns can share them across multiple social media platforms with a few clicks. A mobile app lets campaign organizers create videos from photos on their phones, and the company is working on a tool that will enable live video streaming.

GoFundMe has big expansion plans. It opened a Dublin office in July to service Ireland and the U.K. It's up and running in Canada and Australia and hopes to open in several European countries Solomon isn't ready to name. Annual donations will hit between $5 billion and $7 billion by 2020, he predicts.

The vast majority of GoFund-

NEXT BILLION-DOLLAR STARTUPS

For FORBES' second annual list of next billion-dollar startups, we've found 25 companies that are transforming their industries and showing tangible results. They've already attracted tens, and in some cases hundreds, of millions in investment capital while in the midst of explosive growth. With the help of TrueBridge Capital Partners we asked venture firms to share their best picks, reviewed companies' business plans and scrutinized revenue numbers and competitive challenges. (For more about our methodology go to Forbes.com.)

BITSIGHT TECHNOLOGIES Stephen Boyer, Nagarjuna Venna
Equity raised: $95 million
Estimated 2016 revenue: $30 million
Key investors: Globespan Capital Partners, Menlo Ventures, GGV Capital
What it does: Evaluates and rates companies' security risks

CHECKR Daniel Yanisse, Jonathan Perichon
Equity raised: $50 million
Estimated 2016 revenue: $150 million
Key investors: Accel, Y Combinator
What it does: Provides expedited background checks for new hires

CLASSPASS Payal Kadakia, Mary Biggins, Sanjiv Sanghavi
Equity raised: $84 million
Estimated 2016 revenue: $180 million
Key investors: Google Ventures, General Catalyst Partners, Thrive Capital
What it does: Helps members book fitness classes at boutique studios

BOXED Chieh Huang, Jared Yaman, Christopher Cheung, William Fong
Equity raised: $133 million
Estimated 2016 revenue: More than $100 million
Key investors: DST Global, GGV Capital
What it does: Offers bulk-size packages of consumer goods à la Costco, but customers order via app or online and have them delivered directly. "I was basically trying to solve a problem that I myself have," says Chieh Huang, 35, Boxed's cofounder and CEO. "I grew up in the burbs and every other weekend would go to Price Club. And then I was in the city and didn't have a car anymore. Am I just supposed to get ripped off?" Huang—a serial entrepreneur who sold his previous startup, the gaming company Astro Ape, to Zynga—and his cofounders didn't make much of a splash when they started Boxed in his suburban New Jersey garage in 2013. But the New York City company has grown rapidly since then, with customers in urban, suburban and rural areas across the country, increasing revenues from $8 million two years ago to more than $100 million this year. Huang says, "Consumer packaged goods are one of the biggest drivers of the economy, and are only 1.5% online. How crazy is that?"


Because the best dressing room is your bedroom.
When returning is as easy as buying, your customers get the hassle-free shopping experience they want. And since 45% of shoppers have returned something they purchased online in the past year*, we make it as simple as placing a label on a box. Plus, UPS Returns® services provide greater visibility of items coming back, so there are no surprises for you or them. Just one of the many ways UPS is helping companies solve for today's rising customer expectations. See how we can help you at ups.com/solvers
ups
united problem solvers™
*UPS Pulse of the Online Shopper™ Survey
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Me's campaigns drive themselves with little input from the staff. As a result, the company operates with remarkable efficiency, maintaining a head count of just 165 (there's a 69-person customer-service team in San Diego that returns e-mail queries within five minutes). On average, each employee produces $606,000 in revenue. (In 2015 each of Amazon's 230,000 employees produced $464,000.)

A handful of competitors are challenging GoFundMe with a revenue model they think will be more appealing to donors. Instead of charging a fee, they have a "tip jar," where they ask donors to give extra to cover the sites' costs. Five-year-old YouCaring, in San Francisco, logged just under $300 million in donations over the past two years, according to its president, Dan Saper, who says 80% of donors add an average 6% tip. In 2014 Indiegogo, a San Francisco-based crowdfunder that focuses on entrepreneurs, introduced a no-fee site now called Generosity, which channeled an estimated $30 million to personal causes last year while asking donors for a tip of up to 15%. Another site, Detroit-based CrowdRise, charges 5% to 6.8% but asks donors to contribute extra to cover costs. Mostly a site for charities like UNICEF, it runs celebrity-led fundraisers and serves as a platform for people who collect contributions for nonprofits when they participate in events like the New York City Marathon.

It took a while for GoFundMe to find its formula. Its San Diego-based cofounders, Brad Damphousse, 34, and Andy Ballester, 35, are first-time entrepreneurs who joined forces in 2008 to launch a self-funded website called Createafund, where people could post personal fundraising drives and promote them through social media. At the time, PayPal didn't have the capacity to divide payments among multiple parties, which meant the partners couldn't extract a per-donation fee. During their lean first year Damphousse and Ballester tried to persuade charities to use the site on a subscription basis and built market share by offering the service free. In 2009 they got a break when PayPal made it possible to split transactions; the resulting revenue stream enabled them to continue growing organically without outside financing. In 2010 they rebranded the site as GoFundMe.

Then, in late 2014, John Locke, a 32-year-old partner at the Palo Alto venture firm Accel, was invited through Facebook to donate to a GoFundMe campaign for a scholarship fund named for a friend's brother who had died serving in Iraq. Locke was intrigued, but it took him more than four months to persuade Damphousse and Ballester to meet with him. As negotiations progressed, Locke ran a survey of 300 people, asking them which site they'd use if they wanted to raise funds for a personal cause. Ninety-five percent named GoFundMe. "The business had gotten further along than Brad and Andy ever thought possible," says Locke. The founders agreed to step aside and sell a majority stake.

Damphousse and Ballester sit on GoFundMe's board but stopped talking to the media after the *Wall Street Journal* ran a story saying they were "reaping a fortune" on the transaction. The *Journal* didn't mention a sum, but the reported $600 million valuation meant the founders got at least $300 million before taxes. Solomon says they "didn't want people to know about the money."

As part of the deal Locke and Accel, early investors in Facebook,

NEXT BILLION-DOLLAR STARTUPS

COLLECTIVE HEALTH Ali Diab, Rajaie Batniji
Equity raised: $150 million
Estimated 2016 revenue: $15 million
Key investors: Founders Fund, Google Ventures
What it does: Sells health insurance software to companies

FRESHDESK Girish Mathrubootham
Equity raised: $95 million
Estimated 2016 revenue: $65 million
Key investors: Accel, Tiger Global Management, Google Capital
What it does: Sells cloud-based customer-support software

FUZE Steve Kokinos, Derek Yoo
Equity raised: $200 million
Estimated 2016 revenue[1]: More than $150 million
Key investors: Bessemer Venture Partners, TCV, Summit Partners
What it does: Consolidates various types of enterprise communications (including voice, video and messaging) in the cloud

GIGSTER Roger Dickey, Debo Olaosebikan
Equity raised: $12.5 million
Estimated 2016 revenue: $30 million
Key investors: Andreessen Horowitz, Y Combinator
What it does: Connects companies with freelance software developers, designers and project managers

GOFUNDME Brad Damphousse, Andy Ballester
Equity raised: At least $300 million
Estimated 2016 revenue: $100 million
Key investors: Accel, Greylock Partners, TCV
What it does: Runs a crowdfunding website for personal causes *(see p. 92)*

HOTELTONIGHT Sam Shank
Equity raised: $81 million
Estimated 2016 revenue: $60 million
Key investors: Coatue, Battery Ventures, U.S. Venture Partners
What it does: Offers last-minute bookings through a mobile app

DOPPLER LABS Noah Kraft, Fritz Lanman
Equity raised: $50 million
Estimated 2017 revenue[2]: $100 million
Key investors: Acequia Capital, The Chernin Group, Wildcat Capital Management
What it does: Makes a miniature computer for your ears that it hopes will become as ubiquitous as the iPhone. The new device, called Here One, which Doppler is preselling for $299, allows wearers to get information (running commentary during a baseball game, for example), adjust noise (for sleep or to hear better) and generally augment aural reality. "We want to put a computer in every ear," says Kraft, Doppler's 29-year-old CEO. "It is the most organic place to put a piece of technology." The company was born when Kraft, who has a background in film and music, met Lanman, 35, a well-known tech investor with interests in Square and Pinterest, and they started talking about making bionic ears that would both enhance sound and look cool. To test the market, San Francisco-based Doppler started with a simple earplug, called DUBS (retail price: $25), that reduced volume while preserving the quality of the sound. The company immediately sold 300,000 units.

[1]ANNUAL RECURRING REVENUE.
[2]2016 REVENUE ESTIMATE UNAVAILABLE.


INT'L
STOCKS
IEFA
INSPIRED
TO BUILD.
U.S.
BONDS
AGG
iShares
by BLACKROCK

brought in TCV, early backers of Netflix, as well as Greylock Partners, also an early investor in Facebook. Together the VCs picked Solomon, then a venture partner at Accel, to run GoFundMe. He had been a manager at Yahoo during its growth years before turning around SideStep, an early travel search engine that sold to Kayak. Then at Groupon he managed the daily-deal site's expansion from 100 employees to 7,000. He says he decided to leave Groupon before the company's management troubles made headlines and its stock tanked. At Accel, he says, he was in no hurry to run another company but couldn't pass up the opportunity presented by GoFundMe. "I was just blown away by what was happening," he says. "I couldn't believe the number of campaigns and the sheer numbers of people on the platform."

As soon as the deal closed, Solomon moved the company's headquarters to Silicon Valley so he could recruit talent. President and chief product officer David Hahn, 36, who'd spent nine years at LinkedIn before joining Greylock, was one of the first hires. Solomon also recruited chief technology officer Ujjwal Singh, 43, from Google, and landed Dan Pfeiffer, 40, straight from the White House, where he had served for six years as a senior communications advisor to President Obama. Pfeiffer turned down multiple offers from other companies to head up communications at GoFundMe, he says, because of "the real alignment of building a business and making an impact on the world."

At times that impact can seem random. In September, for example, Tony Brown of Austell, Ga. raised $2,046 to pay for a friend to compete in the Chattanooga Ironman competition; Emily Dunagan, an 18-year-old entrepreneur, raised $6,670 to buy a convection oven and a freezer for her bakery; and Tara Ritter collected more than $5,000 to pay for stomach surgery for her dog, Mavis, who had eaten a pile of rocks. (In an appreciative update, Ritter wrote, "People are SO freaking generous.")

GoFundMe's biggest category is medical expenses, which accounted for $400 million of the $1.5 billion raised in the past year. Only a small fraction of GoFundMe donations, those that go to foundations like Cure Sanfilippo, have 501(c)3 status and are tax deductible. The average GoFundMe campaign raises only $1,000, and a new one posts every 18 seconds.

It's Pfeiffer's job to filter through the flood of campaigns and pick the ones to amplify. He and his team of seven pitch feel-good GoFundMe stories daily to national and local media and promote them on social channels. In September the team pushed "Fidencio, the Paleta Man," a Chicago campaign started by Joel Cervantes, a Good Samaritan who felt sorry for an 89-year-old named Fidencio Sanchez, who had returned to work selling popsicles, or *paletas*, from a pushcart after his daughter died. The story was covered by hundreds of news outlets, including the *Chicago Tribune* and ABC News, which featured a widely shared photo of Sanchez stooped over his cart. Within weeks Paleta Man had raised more than $384,000.

How do GoFundMe's donors know that campaigns like Paleta Man are real and not a fraud staged by a couple of actors with props and a camera? Danny Gordon, 37, a Stanford law grad and former marine who heads up GoFundMe's 20-person trust and safety depart-

NEXT BILLION-DOLLAR STARTUPS

INVISION Clark Valberg, Ben Nadel
Equity raised: $135 million
Estimated 2016 revenue: $40 million
Key investors: FirstMark Capital, Tiger Global, Accel, Iconiq Capital
What it does: Makes collaborative-prototyping software for website and app developers.

OPENDOOR Eric Wu, Keith Rabois, JD Ross, Ian Wong
Equity raised: $110 million
Estimated 2016 revenue: More than $50 million
Key investors: Access Industries, GGV Capital, Khosla Ventures
What it does: Provides a new way of buying and selling homes

OWLET BABY CARE Kurt Workman, Jordan Monroe, Zack Bomsta, Jacob Colvin
Equity raised: $15 million
Estimated 2016 revenue: $20 million
Key investors: Azimuth Ventures, Eclipse, ff Venture Capital, Eniac Ventures
What it does: Makes smart baby-health monitors

PROCORE TECHNOLOGIES Tooey Courtemanche
Equity raised: $129 million
Estimated 2016 revenue: $55 million
Key investors: Bessemer Venture Partners, Iconiq Capital
What it does: Offers cloud-based construction management software

RUBICON GLOBAL Nate Morris
Equity raised: $96 million
Estimated 2016 revenue: More than $300 million
Key investors: Goldman Sachs, Wellington Management
What it does: Connects waste haulers and customers using a cloud-based platform

RUBRIK Bipul Sinha, Arvind Jain, Soham Mazumdar, Arvind Nithrakashyap
Equity raised: $112 million
Estimated 2016 revenue: $50 million
Key investors: Greylock Partners, Lightspeed Venture Partners
What it does: Provides cloud data-management software

GUARDANT HEALTH Helmy Eltoukhy, AmirAli Talasaz
Equity raised: $200 million
Estimated 2016 revenue: $30 million
Key investors: Khosla Ventures, Lightspeed Venture Partners, OrbiMed Advisors
What it does: Offers a simple blood test to cancer patients who want to avoid the pain and risk of invasive tumor biopsies. The company's "liquid biopsy," on the market since 2014, makes use of DNA fragments from cancerous tumors that are present in a patient's blood. The test monitors the progression of the disease and detects gene mutations that suggest which drugs should be used in treatment. Though dozens of other companies are offering similar tests, CEO and cofounder Eltoukhy, 37, says that Guardant dominates the field with a 95% market share. Based in Redwood City, Calif., it has a head count of 190 and growing. Guardant's test has a $5,800 list price but negotiates with patients' insurance plans. To date, he says, Guardant has sold 30,000 tests.

ment, says only 0.1% of fraudulent campaigns succeed. To police campaigns, GoFundMe, together with its payment processor, WePay (GoFundMe left PayPal in 2011), verifies the identities and bank information of campaign recipients. In the thousands of cases where organizers raise money on behalf of other people, GoFundMe releases funds only when it's certain the money will go to the intended recipients or to organizers with close personal connections to them.

Gordon adds that social media is a powerful check, since donors can comb through organizers' Facebook postings, which reveal whether organizers and recipients are who they say they are. In October GoFundMe added another layer of protection for donors. If a donor uncovers evidence of misuse or deception, GoFundMe will refund up to $1,000, and if the organizer fails to give funds to the campaign beneficiary, GoFundMe will donate up to $25,000 to the right person.

Gordon also enforces GoFundMe's terms of service. The site won't host campaigns that promote hate, terrorism or intolerance relating to ten criteria, including race and gender identity. But those criteria can be difficult to interpret. Last year a campaign set up by staffers at TheBlaze, a news site started by conservative media personality Glenn Beck, raised more than $840,000 for the owners of an Indiana pizza place who temporarily shut down their business after being criticized for telling a local TV station they would not cater a gay wedding. "At the end of the day we're a neutral platform," Gordon says. More broadly, he says, "GoFundMe allows us to be agents of change in our own communities; it democratizes empathy."

Indeed, many GoFundMe campaign organizers are ordinary people who get to mount effective fundraising drives without the help of an established charity. One Sunday morning in January before she'd had her coffee, Marseille Allen, 37, a probation officer and Wellesley College alum who lives in Flint, Mich., where the water had been poisoned by lead, spent fewer than ten minutes setting up a GoFundMe page so she could buy and distribute bottled water. She included a cellphone shot of a Flint fire hydrant spewing brown water, and within 36 hours she'd raised more than $1,000.

Though Pfeiffer's crew didn't promote Allen's campaign, it gained traction. CNNMoney covered it, and Allen was interviewed by a local TV news show. In late February a fellow Wellesley alum, Hillary Clinton, posted on Facebook about it. In April Allen wrote an op-ed in the *Detroit Free Press*, imploring people not to forget Flint. Ultimately, she raised more than $50,000 to hand out bottled water, filters and baby wipes.

Shortly after she set up her campaign, Allen asked GoFundMe to waive its 5% fee. "I said, 'This is about giving people water,'" she recalls. The fee was non-negotiable, but GoFundMe ran a contest to award $10,000 to the most successful Flint GoFundMe drive, a generous gesture and one that also drove more Flint campaigns and more revenue to GoFundMe. Allen won the contest and donated the $10,000 to a local nonprofit, Shelter of Flint.

Why wouldn't GoFundMe waive Allen's fee? "We provide a platform that receives more traffic than any other fundraising platform in the universe," says Solomon. "It's all about how much these campaigns yield for the campaign donors." Not to mention how much they yield for GoFundMe. F

NEXT BILLION-DOLLAR STARTUPS

SERVICEMAX David Yarnold, Athani Krishna, Hari Subramanian
Equity raised: $204 million
Estimated 2016 revenue: $60 million
Key investors: Meritech Capital Partners, Premji Invest
What it does: Sells cloud-based service management software for field-service workers

SISENSE Eldad Farkash, Aviad Harell, Guy Boyangu, Adi Azaria
Equity raised: $94 million
Estimated 2016 revenue: $50 million
Key investors: Bessemer Venture Partners, DFJ Growth
What it does: Sells business intelligence and analytics software

SUMO LOGIC Christian Beedgen, Kumar Saurabh
Equity raised: $160 million
Estimated 2016 revenue[1]: More than $50 million
Key investors: Greylock Partners, DFJ Growth, IVP
What it does: Helps companies analyze digital data in real time

TALKDESK Tiago Paiva
Equity raised: $24 million
Estimated 2016 revenue: $30 million
Key investors: 500 Startups, DFJ, Salesforce Ventures, Storm Ventures
What it does: Makes cloud-based call-center software

TENABLE Ron Gula, Jack Huffard, Renaud Deraison
Equity raised: $280 million
Estimated 2016 revenue: $125 million
Key investors: Accel, Insight Venture Partners
What it does: Makes network-security software for businesses

YAPSTONE Tom Villante, Matt Golis
Equity raised: $50 million
Estimated 2016 revenue: $235 million
Key investors: Accel, Meritech Capital Partners
What it does: Handles online payments for vacation homes and multifamily apartment rentals


Scott Crouch

MARK43 Scott Crouch, Matthew Polega, Florian Mayr
Equity raised: $41 million
Estimated 2017 revenue[2]: More than $15 million
Key investors: General Catalyst Partners, Spark Capital
What it does: Helps police departments run more efficiently and effectively with software and data analytics. While a student at Harvard, Crouch started Mark43 with a few college buddies. The New York-based company's software helps cops enter arrest and incident reports faster and gives them critical information about whether a suspect is likely to be armed and dangerous. While it's not easy getting police departments to change, Mark43 signed up the Washington, D.C. metropolitan police department last year and more recently added those in Camden, N.J. and Jersey City, N.J. In June, Mark43 won a bid over more established competitors to supply five departments in Los Angeles County. Crouch, 25 and a member of the 2015 class of the FORBES 30 Under 30, says, "We are seeing a turning point where departments are so unhappy about what they've got."

[1]ANNUAL RECURRING REVENUE.
[2]2016 REVENUE ESTIMATE UNAVAILABLE.


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Seminole Gaming chief executive James Allen outside the Seminole Hard Rock Hotel & Casino in Hollywood, Fla. He's as serious as a heart attack about building the Seminoles' fortune.

CRED TK

JAMEL TOPPIN FOR FORBES

How the Seminole Tribe of Florida went from being a band of outcasts living in the Everglades to the multibillionaire owners of an iconic global brand.

The Alligator Wrestler and the Casino Boss

BY LAUREN GENSLER

Jim Allen has been up since 3 a.m. leaving voice mails for himself at the office and is now weaving through the flashing slot machines and blackjack tables on the floor of the Seminole Hard Rock Hotel & Casino in Hollywood, Fla. With a reporter in tow, he is recounting how a Native American tribe managed to beat out 72 bidders, including private equity giants and multinational hospitality companies, to acquire the rock 'n' roll restaurant, hotel and casino company a decade ago under his direction. "At first the tribe thought maybe I had lost my mind and gone crazy," Allen says.

Crazy like a fox. The hard-charging 56-year-old has helped create unimaginable riches for the 4,100-person Seminole Tribe of Florida as chairman of Hard Rock International and chief executive of the tribe's gambling operations. What's immediately clear when you meet Allen is that he's unapologetically hands-on. Walking through the hotel, one employee points out a large black octopus chair in the lobby bar and jokes he can't believe Jim wanted that there. Allen shrugs this off and brags that he's behind every design detail down to the "admit one" tickets on each new roll of toilet paper in the rooms. He explains that his late arrival that morning was due to a spot check of the men's bathroom, after which he was asked to look into an employee squabble that took him out to the parking lot.

"I'm serious as a heart attack," says Allen, who's actually had two heart attacks and bypass surgery in the past three years and still routinely pulls 16-hour days. "Some people talk about it, some people make excuses, some people get it done. I prefer the latter category."

Though he doesn't have a drop of Seminole blood in his veins, Allen may well be the single best champion of indigenous peoples since Franklin Delano Roosevelt enacted the Indian Reorganization Act in 1934, which sought to conserve and develop tribal lands and culture. But unlike social programs mandated by the federal government, Allen's improvements are purely the result of the pursuit of profit. At the behest of the Seminoles he presides over an expanding, privately owned global business that spans 71 countries and owns 168 Hard Rock cafes, 23 hotels and 11 casinos. Including franchisee sales, systemwide revenue is slightly more than $5 billion. Another 25 Hard Rock hotels are in the pipeline—from Dallas to Dubai to Shenzhen—and the company just acquired the rights to the flagship Hard Rock Las Vegas. In November New Jersey voters will decide whether Allen can build a Hard Rock Casino with 4,000 slot machines, 2,000 table games and a giant guitar out front adjacent to MetLife Stadium in the Meadowlands just a few miles from Manhattan.

And though the Seminoles are guarded about the information they share with outsiders, it's clear that their rapid expansion in the hospitality and gambling industry under Allen's stewardship has created a money machine that generates operating profits estimated at $1.5 billion per year. That's enabled the tribe to send revenue-sharing checks to the state of Florida amounting to more than $1 billion over the past five years.

Country singer, alligator wrestler and on-again, off-again chief of the Seminole Tribe of Florida Jim Billie is widely considered to be the father of Indian gambling.

And for the Seminole people? Today every man, woman and child in the tribe receives biweekly dividend payments totaling about $128,000 a year. Indeed, by the time a Seminole child today turns 18, she is already a multimillionaire, thanks to tribal trusts that prevent children or their parents from touching the funds until adulthood. Applying industry multiples to the Seminoles' hospitality and gambling businesses would put the tribe's net worth at about $12 billion, including some 81,000 pieces of pop music memorabilia—stuff like Michael Jackson's red leather jacket from the "Beat It" video and John Lennon's handwritten lyrics to "Imagine"—valued at more than $100 million.

Tribe member Tina Osceola, 49, remembers a time when selling tribal souvenirs to tourists sustained many of its members but now credits gambling riches with paying for her undergraduate and graduate school education. "Allen never stops," she says, "and, frankly, I don't want someone who stops."

CHIEF EXECUTIVE Jim Allen is the man who made millionaires out of the entire Seminole Tribe of Florida, but the tribe's longtime, controversial, alligator-wrestling chief, James Billie, deserves even more credit for sparking the entire $33 billion Indian gambling industry to begin with.

It's just after lunchtime, and Billie ambles into the air-conditioned lobby of the gleaming, four-story Seminole

JAMEL TOPPIN FOR FORBES

Tribe headquarters built on an old pig farm in Hollywood, greeting people with a fist bump. In just a few weeks Billie, 72, will be ousted as chief of the tribe for the second time in four decades. But for now it's a warm day in August, and he's just arrived from his home on the nearby Brighton Reservation on one of the tribe's red, yellow and white helicopters. Clad in a short-sleeve polo, Under Armour sweatpants and his favorite penny loafers, he stops to visit with the members of the tribe in his office before settling in at the head of the table in a dimly lit, windowless conference room.

When his phone rings (the ringtone is the ding-ding-ding of a slot-machine jackpot), he ignores it and says it's someone calling to ask for a $30,000 loan. That's why he no longer visits people on the Seminoles' six Florida reservations. All they want is money, he says. "Maybe it will be my political demise, I don't know," says Billie, who, as chief, has had at his disposal discretionary funds estimated to be in the tens of millions annually. It's a prescient statement. At the end of September tribal members filed a recall petition, vaguely citing various issues with Billie's policies and procedures. The four other leaders in the tribal council unanimously voted to remove Billie from office.

It isn't the first time Chairman Billie has been ousted. He led the tribe from 1979 to 2001 before being voted out amid sexual harassment allegations (the charges were later dropped) and charges of financial malfeasance. (Billie later said his removal was due to bad blood over his increased scrutiny of council member spending.) Then, after a decade in exile, he was elected chief again in 2011 and reelected in 2015. Billie vows to run again, in the next election.

He is, after all, a genuine folk hero. Born a "half-breed" in 1944 on a chimpanzee farm in Dania Beach, Fla., where tourists would pay to gawk at both the apes and the Indians, Billie tells of how he was taken from his mother as an infant to be drowned in the canal, only to be rescued by a tribal matriarch. After his mother died, when he was 9, Billie learned to wrestle alligators for tourist tips. In his early 20s he enlisted in the U.S. Army and served two combat tours of Vietnam. He eventually became a touring country singer with such hits as "Big Alligator," which is laced with lyrics in his native Miccosukee tongue.

Billie's Rambo-with-a-heart reputation helped him get elected chief in 1979. On his first day in office someone handed him a stack of papers describing something called high-stakes bingo. It claimed that through gambling the tribe could make $3 million in six months. "That was a lot of money back then, so I thought maybe we should try it," he explains. To finance the venture, he borrowed funds from an associate of the organized-crime figure Meyer Lansky, according to a Pennsylvania Crime Commission report in 1992.

Soon crowds of locals and snowbirds were flocking to the Seminole Tribe's 1,200-seat Hollywood bingo hall. Gambling was illegal in Florida, and the county sheriff promptly threatened to shutter Billie's budding operation. Instead of backing down, he defiantly led his tribe to court and won a landmark case in 1981, asserting the sovereign status of Indian nations in such matters. Congress gave its stamp of approval to tribal casinos with the Indian Gaming Regulatory Act of 1988. Today 234 Native American tribes are hauling in $33 billion a year from gambling, according to the Indian Gaming Industry Report, and they all have James Billie to thank.

Billie rarely drinks and doesn't gamble, but he's passionate about flying planes and helicopters and has a reputation as a womanizer with a penchant for telling off-color jokes. His life philosophy mirrors his approach to business: It's easier to ask forgiveness than to beg for permission. For example, in 1980, a mass Seminole grave was discovered in Tampa, right where the city had planned to put a parking lot. Bil-

"Some people talk about it, some make excuses, some get it done. I prefer the latter," Allen says.

TRIBAL TRINKETS

Thanks to Hard Rock, the Seminoles have amassed some 81,000 pieces of pop music memorabilia worth north of $100 million. Below are some of their standouts.

Michael Jackson's leather jacket from the "Beat It" music video.

Ringo Starr's drum kit from the 1960's, now in NYC's Hard Rock in Times Square.

lie worked out a deal to swap his tribe's sacred burial grounds for an alternative location not far from Interstate 4, where he promised to rebury his ancestors' remains. Little did the Tampa officials know that Billie would also turn the site into another gambling hall. The Seminole Hard Rock Hotel & Casino Tampa now accounts for 40% of the Seminoles' $2.2 billion in annual gambling revenues.

During his reign as Seminole chief Billie enjoyed considerable riches, including a 47-foot yacht and the use of a small fleet of helicopters and planes, one of which was a jet once owned by Philippine dictator Ferdinand Marcos. As hundreds of millions of dollars flowed through the tribe over the last four decades, tribe members and their employees have been accused of everything from tax fraud and money laundering to being connected to organized crime. During one court proceeding in 2002 a tribal council member admitted that he personally spent $57 million over three and a half years. "I bought [Lexuses] for everybody," he said. Billie himself has also been a target of law enforcement, including the FBI, but nothing has ever stuck, and Billie has never been criminally indicted. Luck has played a role. In the early 1980s he shot, skinned and ate an endangered Florida panther (whose flavor he jokingly likens to a mix of manatee and bald eagle) near his home on the Big Cypress Reservation. But after a game warden mishandled evidence, the jury became deadlocked and Billie walked.

The tribe's connection to Hard Rock began in 2000 when a Baltimore real estate developer, the Cordish Cos., presented Billie with several licensing options for the two gargantuan hotels and casinos Cordish was building for the tribe in Tampa and Hollywood. It was down to a choice between Jimmy Buffett's Margaritaville and the Hard Rock Cafe. Billie chose the latter because, he says, Buffett once dissed him during a chance airport meeting. "I waved to him, and he didn't wave back," says Billie, who walks with a cane after a stroke but still brims with the machismo that led him to lose his right ring finger while wrestling an alligator at age 55.

But just around the time the Seminoles were breaking ground on their new Hard Rock properties in Hollywood and Tampa, Billie was forced out amid tribal turmoil. Billie spent the next decade building traditional thatch-roofed chickee huts and helping to raise his two young children, whom he had with his third wife, Maria, never dreaming that his Hard Rock deal would bear such fruit. "Back then I thought Hard Rock was gonna be good, not great," he says. But then again, he had only just begun to deal with casino manager extraordinaire Jim Allen.

"I bought Lexuses for everybody," said one tribal council member who spent $57 million over three and half years.

ONE GLANCE AT James Francis Allen in his tieless blue suit and his slicked-back gray hair and you know he was born to be a big-time casino boss. He is the product of a working-class family from Atlantic City, N.J. When he was 13 years old, he persuaded the pizzeria owner at the end of his street to give him a job even though he wasn't hiring. The owner took a liking to him and enlisted him to wash his Mercedes-Benz every day—a job Allen took so seriously that he meticulously applied mink oil to the leather interior and spent an hour polishing each wheel on Saturdays. He then got a job as a cook at Bally's Park Place casino to help out his family, which was struggling financially. When Allen's dad died from cancer in 1979, he recalls, bill collectors phoned the house so often that friends and family were advised to let the phone ring twice, hang up and call again

Madonna's bustier from her Blonde Ambition tour, at the Boston Hard Rock.

Elvis Presley's gold piano, bought for $610,000 and destined for Tampa.

Jimi Hendrix' Gibson Flying V guitar.

Beyoncé's crown from the "Haunted" music video.

Lady Gaga's vinyl dress and headpiece will be on display at a Hard Rock in Shenzhen.

if they wanted someone to answer. "I was committed 100% at the youngest of ages to say that will never be me," Allen says.

Allen never accomplished much in terms of formal schooling, but he worked harder than anyone else. At Bally's he was promoted to cook and drew management's attention when he helped figure out how to use a kitchen cost-management software program that proved difficult to master. After he was promoted to the office job of menu analyst, the executive chef demanded that he return to the kitchen. Allen managed to do both jobs, earning double-time pay.

In 1985 he moved down the boardwalk to Hilton as a purchasing manager. Donald Trump took over the property after Hilton was denied a gaming license, and Donald's then-wife, Ivana, deeply impressed by Allen, personally urged him to stay with the company. Over the course of eight years, until 1993, Allen held various management positions in the Trump organization and eventually helped oversee the operations of Trump's three Atlantic City casinos. From there Allen went on to open and manage casinos in New Orleans for Hemmeter Enterprises, and for South African real estate magnate Sol Kerzner he opened Mohegan Sun in Connecticut and Atlantis in the Bahamas.

Allen was hired by the Seminoles in 2001. Under his direction, the beautiful new $400 million properties in Hollywood and Tampa opened in 2004. There was one big problem, though. Under the Indian Gaming Regulatory Act, the casinos couldn't have blackjack, baccarat, slot machines or any other lucrative "Class III" games until they got permission from the state.

Bingo, which is considered Class II because players are pitted against each other rather than the house, was already well established on the Seminole reservations in Florida, but then-governor Jeb Bush had no interest in allowing full-on gambling in his state. It would take years, and involve fending off a challenge from Senator Marco Rubio (R–Fla.), before the tribe would come to an agreement with the state allowing Class III gambling. So in 2003 Allen boldly circumvented regulations by persuading several gambling manufacturers to create a brand-new type of slot machine that had the look and feel of sophisticated Las Vegas-style Class III slot machines but were actually using the same math as a legally permissible Class II machine. In other words, under the hood these were bingo drawings. Connected by a central server, players would be competing for prizes against other players at Seminole casinos rather than playing against the house. Most players, even seasoned ones, would be none the wiser.

"This was monumental," says Brad Buchanan, who spent 13 years with the tribe as its chief financial officer before retiring last year. "Jim will drill and drill and drill until he hits the concrete, and when the drill bit breaks he will replace it with another and keep going."

Thanks to Allen's genius, the two casinos were soon among the most profitable in the country. By 2006 the tribe had become the single biggest Hard Rock licensee and was forking over $21.5 million a year in licensing fees to its British parent company, Rank. From Allen's vantage point, Rank was taking advantage of the Seminoles. The deals were structured for hotels, not casinos. "If you think of a busy hotel, it's doing $10 million or $15 million a year," Allen says. "A busy casino does $20 million to $70 million a month."

In late 2006 he persuaded the tribe to pay $965 million to buy Hard Rock

International from Rank, financed with $500 million in debt. "When we looked at the brand and how much we had riding on it," Buchanan says, "we wanted to make sure it ended up in the right hands."

THERE IS NOTHING rock 'n' roll about Hard Rock's operations under Allen. Almost immediately he attacked the cafes' menus, nixing subpar ingredients like frozen burger patties. Undercover employees known as "mystery diners" were dispatched to maintain quality control. "I don't want to say anything bad about Rank, but they were operating for quarterly profits," says Gary Epstein, a lawyer who worked on the acquisition.

While the cafes still account for most of Hard Rock's $665 million in revenue, Allen struggles with the fickleness of the casual dining business, and the company is saddled with a tourist trap image. In the first half of 2016 same-store sales at the cafes fell 1.9% in North America and 5.4% in Europe.

Allen's big push is into hotels. Lots of them. He has already opened 16 properties; another 25 are in the works, and he sees room for at least 50 more in short order. Each is more audacious than the last: a sprawling beach-front hotel in Cancun, a foray into the Middle East with a 101-story Dubai skyscraper and a 372-room hotel in Berlin overlooking Checkpoint Charlie. That's not even counting the 100 hotels under a different brand name that he is quietly planning to open in China.

"It's not that we're abandoning cafes, we're just expanding our horizons," Allen says. "When you look at the revenue you can generate in the hospitality sector, the numbers are just so much greater and, frankly, so are the margins."

Casinos are also high on Allen's priority list, but they are harder to pull off quickly because of politics. In 2013, for instance, voters in Massachusetts rejected his proposal for an $800 million hotel, casino and entertainment complex, and in 2015 Wisconsin governor Scott Walker rejected a plan to build a similar complex in partnership with the Menominee Tribe. The fate of the Meadowlands Hard Rock Casino will be put before New Jersey voters in November.

Hard Rock sometimes takes a sliver of equity in its hotel and casino deals, such as its 16% stake in the Meadowlands venture, but like other iconic brands it mostly relies on partnerships and other people's money for rapid global expansion. Hard Rock International represents the tribe's biggest effort to diversify away from its seven Florida casinos. Unfortunately, the tribe's exclusive right to blackjack, baccarat and other casino table games, where the player bets against the house, technically expired in Florida in 2015, and the tribe is currently suing the state in federal court over its failure to negotiate a renewal.

Allen, who calls during his lunch break after four hours of testimony in Tallahassee, is already focused on his next project: Hard Rocks west of the Mississippi. "This is the first time in 30 years the brand is 100% controlled by one company," says Allen, who drives a royal-blue Maserati and lives in a $10 million waterfront mansion in Fort Lauderdale with his yoga-instructor wife. For his efforts, Allen earns an undisclosed salary and bonus from the Seminoles' casino business and has a small equity stake in Hard Rock International estimated to be worth about $75 million.

In the 15 years since Allen arrived, Seminole tribe members' annual dividends have risen from about $30,000 a year to an estimated $128,000, plus access to free private school and college tuition, universal health care and elder care. All are offered employment with the tribal government, and the reservations are dotted with oversize houses and late-model cars. The unceasing flow of wealth has not been without its downsides, however: Drug and alcohol abuse remains a problem, and a low percentage of adults have a college education. Fewer young people are interested in traditional tribal crafts or events like the Miss Seminole pageant or alligator wrestling. And since anyone with 25% Seminole heritage can qualify for a dividend, the tribe faced a rash of "dividend babies" until about four years ago, when Chief Billie halted payments to those under 18.

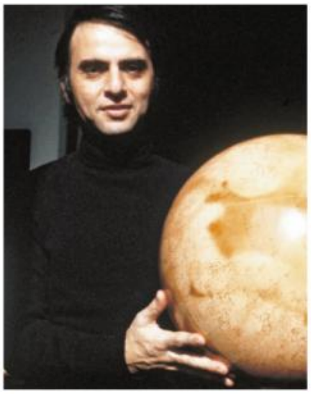
It's becoming even more vital that the Seminoles learn to manage and live with their riches, as the amount of cash flowing into tribal coffers will likely increase. Today not a penny of members' dividends comes from Hard Rock International, which is worth an estimated $1.6 billion. Almost all of the tribe's $525 million in annual dividends flows from the Seminoles' seven Florida casinos, which are worth an estimated $10.4 billion. Allen says he has set up Hard Rock not only for growth but also for an eventual IPO, should the tribe desire it.

Allen's employment contract expires in 2018, but even with the unpredictability of Seminole politics, his renewal seems a certainty. "The business has really taken off since my arrival," he says. "Whenever I do leave, I want them to be able to say that was one white guy that was honest."

Tribe member dividends have risen to $128,000 per year, plus access to free higher education and health care.

THOUGHTS

On Great Ideas

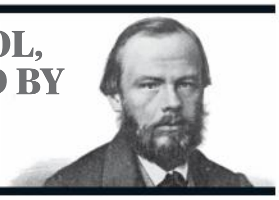


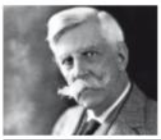
"Every now and then, maybe once in a hundred cases, a new idea turns out to be on the mark, valid and wonderful."

—CARL SAGAN

"THE MIND IS A TOOL, A MACHINE, MOVED BY SPIRITUAL FIRE."

—FYODOR DOSTOEVSKY



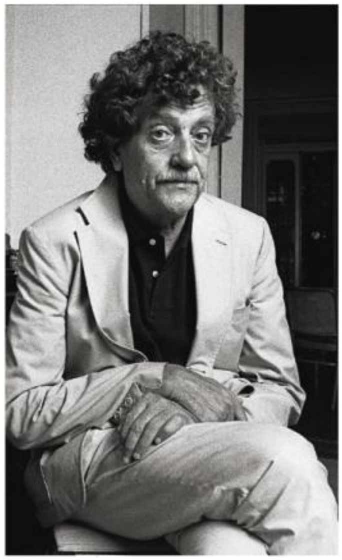


"Many ideas grow better when transplanted into another mind than in the one where they sprang up."

—OLIVER WENDELL HOLMES JR.

"ONE THOUGHT FILLS IMMENSITY."

—WILLIAM BLAKE



"Kilgore Trout's unpopularity was deserved. His prose was frightful. Only his ideas were good."

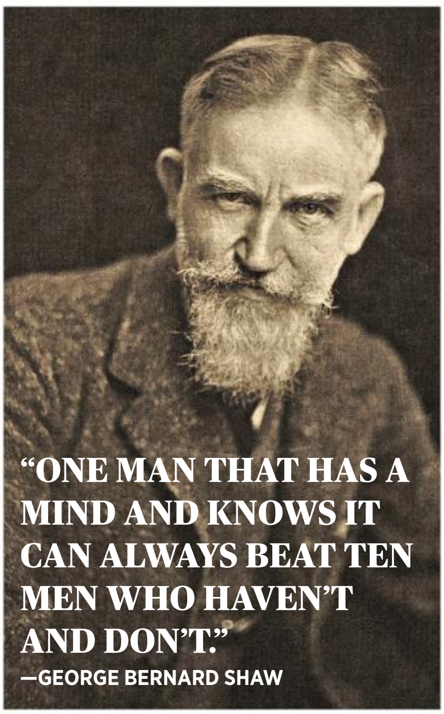
—KURT VONNEGUT

"With the technology at our disposal, the possibilities are unbounded. All we need to do is make sure we keep talking."

—STEPHEN HAWKING

"IF I HAVE DONE THE PUBLIC ANY SERVICE, IT IS DUE TO PATIENT THOUGHT."

—ISAAC NEWTON



"ONE MAN THAT HAS A MIND AND KNOWS IT CAN ALWAYS BEAT TEN MEN WHO HAVEN'T AND DON'T."

—GEORGE BERNARD SHAW

"One of the greatest pains to human nature is the pain of a new idea."

—WALTER BAGEHOT

"Be less curious about people and more curious about ideas."

—MARIE CURIE

"The power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas."

—JOHN MAYNARD KEYNES

"YOU ARE BRINGING SOME STRANGE IDEAS TO OUR EARS, AND WE WOULD LIKE TO KNOW WHAT THEY MEAN."

—ACTS 17:20

FINAL THOUGHT

"You cannot help the kind of brains you were born with, but you can help the kind you go through life with. And that's what counts."

—B.C. FORBES

NEWSCOM (5)

SOURCES: PHYSICS AND POLITICS, BY WALTER BAGEHOT; YANKEE FROM OLYMPUS: JUSTICE HOLMES AND HIS FAMILY, BY CATHERINE DRINKER BOWEN; THE GENERAL THEORY OF EMPLOYMENT, INTEREST AND MONEY, BY JOHN MAYNARD KEYNES; THE APPLE CART, BY GEORGE BERNARD SHAW; THE MARRIAGE OF HEAVEN AND HELL, BY WILLIAM BLAKE; SLAUGHTERHOUSE-FIVE, BY KURT VONNEGUT.