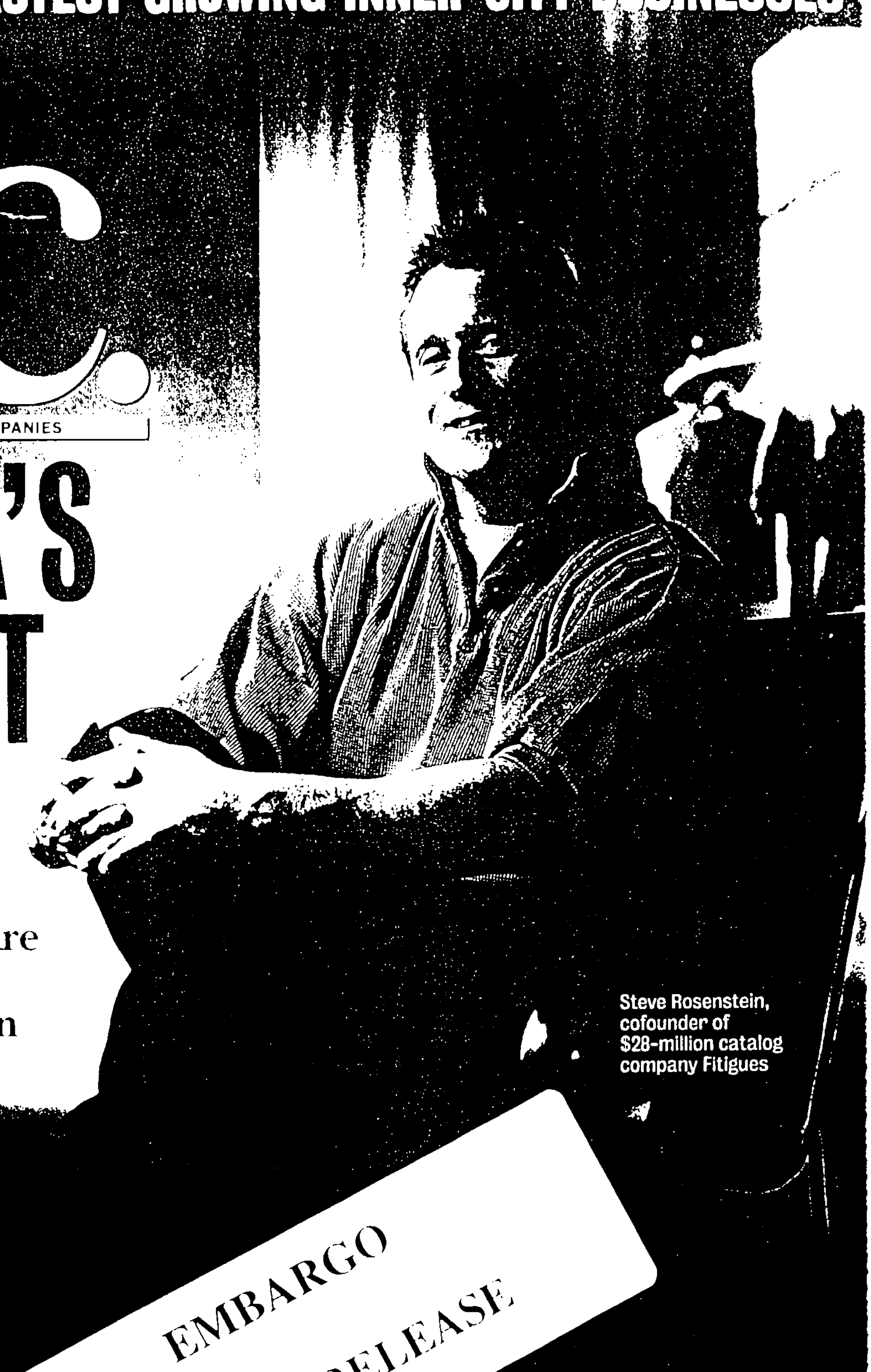
Exclusive ▶ 100 FASTEST-GROWING INNER-CITY BUSINESSES

Inc.

THE MAGAZINE FOR GROWING COMPANIES



Steve Rosenstein, cofounder of $28-million catalog company Fitigues

AMERICA'S BEST-KEPT SECRET

Growth companies are thriving where you'd least expect them—in our inner cities

On-Line Retailing

Starting an Internet business in a post-Amazon.com world

Brand Building with an Edge

Joe Boxer's brash climb to the top

Smart Tools for Better Bargaining

A 7-point checklist

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Special Report: THE INNER CITY 100 | 47

You can see it in practically any region of the country: the so-called inner city. In your mind's eye, it's bleak and depressing. Who in their right mind would deliberately choose to do business there? Well, a surprising number of growth companies have elected to do just that—with no regrets. While most pundits were busily looking to Silicon Valley or Seattle for the next big boom, these urban businesses have been quietly but dramatically transforming the economic landscape. The secret of their success? Their inner-city locations. Far from being liabilities, these potentially precarious areas have actually become a key competitive advantage. Presenting our first annual ranking of the 100 fastest-growing companies in America's inner cities.

Cover photograph: Jeff Sciortino

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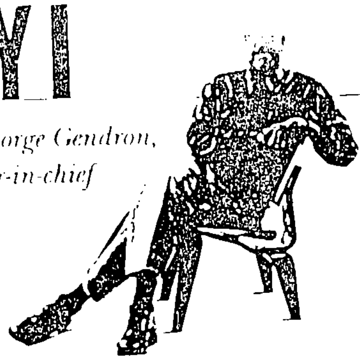
FYI

By George Gendron, Editor-in-chief



The Inner City 100

IT WAS ABOUT A YEAR AGO THAT HARVARD BUSINESS SCHOOL professor Michael Porter called me with an intriguing proposal: to create an annual listing of the 100 fastest-growing private companies in America's inner cities. The list, he said, would be modeled after the *Inc.* 500 and would focus public attention on the instrumental role that entrepreneurial companies play in rebuilding the economies of our inner cities, which is perhaps the single greatest challenge confronting our nation on the eve of a new century. He suggested that we structure the project as a joint venture between *Inc.* and the Initiative for a Competitive Inner City (ICIC), the nonprofit he founded in 1994. Together we could create a national awards ceremony.

He didn't have to go any further. I knew immediately that I wanted *Inc.* to be a part of the project.

Now, people are constantly approaching *Inc.* with ideas for listings, rankings, and awards programs of various types. What attracted me to Porter's proposal, however, was the themes it drew together.

One theme has to do with the issue that led to the ICIC's formation in the first place, the crisis of the inner cities. Here we are, in the ninth year of one of the greatest economic expansions in our history, and yet the inner cities continue to fall further and further behind. The consequences are tragic for the people who live there and shameful for the rest of the country. It's a situation that cries out for attention and receives a lot of it. What sets the ICIC apart is its focus on the root cause of the problem: the dearth of wealth generation and job creation in the inner cities themselves.

Beyond analyzing the crisis, Porter and his colleagues have identified the crucial element of a strategy for revitalizing the inner cities. If wealth generation and job creation are the problems, the ICIC has concluded, the solution is to support and foster the types of businesses that generate wealth and create jobs. The goal is to forge a sustainable inner-city economy, one that is not dependent on outside programs but instead driven by an ongoing process of entrepreneurial renewal. Growth companies are the heart and soul of that process.

And I'm not talking here about obscure little retail outlets or a few token growth companies that have bucked the odds. The Inner City 100 consists of an impressive array of businesses from a variety of industries. Nearly a quarter of the companies provide business products and services, and another 12% are in high-technology fields. The average five-year growth rate is 701%, and together the companies have created almost 4,700 jobs in the past five years. Most important, the companies have succeeded not in spite of their location but at least partly because of it. They've seen an opportunity overlooked by others and run with it.

Impressed as I am with the Inner City 100 companies, I'm equally impressed with our partner in this venture. The ICIC grew out of Porter's seminal work on the competitive advantages of inner cities. Today the organization conducts research on inner-city economies and runs mentoring programs to provide inner-city businesses with expertise that might otherwise be hard to come by.

INNER CITY 100 TEAM: *Seth Hanlon, Rachel Greenblatt, Rob Devaney, Amelia Alberghini, Raisa Lawrence, and (not pictured) Anne Habiby*

The ICIC represents a new breed of nonprofits. I spend a lot of time working with such organizations, and they strike me as the philanthropic counterparts of *Inc.* 500 businesses. How often do we hear that today's economy is being transformed by companies that didn't even exist 20 years ago? Well, "social entrepreneurs" like the ICIC people are doing the same thing in philanthropy. They're reinvigorating the entire civic sector of our society, and they're doing it with none of the tools that people in business take for granted. In the process they're transforming the nonprofit world into a place that attracts the brightest and the best young men and women, just as government did in the 1960s, Wall Street did in the 1970s, and entrepreneurship did in the 1980s.

It seems particularly appropriate for *Inc.*, which celebrates entrepreneurship in the business sector, to have undertaken such a project with an organization that exemplifies entrepreneurship in the philanthropic sector. ■

A moving experience

By Norm Brodsky

ENTREPRENEURS TEND TO BE FAIRLY superstitious people. Not to the point of wearing the same socks every day, but most of us recognize the role that luck plays in business, and we don't like doing anything that might change our luck for the worse. I suspect that's one reason we find it so hard to relocate a successful company.

I relocated my company in 1994, and it was one of the toughest decisions I have ever made. As it happened, we were moving to the inner city, as several of the companies on this year's Inner City 100 (see page 81) have done, but I doubt it would have made much difference if we'd been moving to the suburbs or to another state.

RELOCATING A BUSINESS can be agonizing, whether you're moving to the inner city or somewhere else, but it can also do great things for your company

Moving is always difficult, especially when you're doing it as a matter of choice rather than out of necessity. You constantly second-guess yourself. You struggle with memories, attachments, all the comfortable little habits you're going to have to change. You have dozens of fears and anxieties—some based in reality and some in superstition.

But in the end, moving often proves to be a great thing for your business. It was for mine.

I admit that I more or less backed into the decision. Our offices were in Manhattan at the corner of Seventh Avenue and Thirty-third Street, and we were happy there. We'd been running our messenger and delivery service out of that location for 15 years, starting with one small office and growing to occupy two floors. It was a comfortable space with a great view, and our lease was good for another 18 months, at which point we'd have had no trouble renewing. So moving was not even on the radar screen.

What did show up on the radar, however, were a lot of problems at a warehouse we'd bought in Brooklyn for a little records-storage business we'd started. That business was just an adjunct to our main business, but its problems were beginning to take up an inordinate amount of my time.

So I sat down to figure out what was causing the problems—and had a revelation. "Boy," I thought, "this is a great business." The storage company was growing fast and getting very profitable. I could see how it might someday become the engine driving the whole train, provided we could get on top of it. That meant, among other things, that I'd have to spend a lot more time at the warehouse. Inevitably, the question popped into my head: What would happen if we just moved the main business there?

The answer was obvious, and it floored me. We'd save more than $300,000 a year, including rent, taxes, and utilities. At a 30% gross margin, you'd need $1 million in sales to cover that much overhead. By moving, we'd be getting the same benefit without adding a single salesperson.

The next question was, Did we need to be in Manhattan? Certainly not for our customers. I doubt that more than three of them had visited our offices in 15 years. We'd probably have to leave behind a small sales office and the messenger part of the operation, but even after deducting those expenses we'd still have annual savings of $250,000. From a business standpoint, the decision was a no-brainer.

And yet, when we thought about it, we kept coming up with reasons not to move. *We'll lose too many employees. The area around the warehouse isn't safe. We won't be able to hire the people we need. We'll ruin the chemistry of the business.* And on and on.

They weren't *real* reasons, of course. They were just fears we had—which didn't make them any less powerful.

Listen, most people dread the prospect of moving. They don't like change, and they're afraid of the unknown. No matter how much they complain about where they work, they'll come up with reasons why a new place would be worse. And I was no different. I had the same fears that other people have. Moving was the last thing I wanted to do.

But I also knew that to make the right decisions in business you have to put your emotions to one side. I'm not saying that you should ignore them, just that you should handle them separately. When you do, moreover, it's important to make sure you're dealing with facts.

We didn't know the facts, for example, about how safe or unsafe the area in Brooklyn really was. It was inner-city, but that didn't mean it was high-crime. The fact was, we'd been using the warehouse for two years without any significant problems. Nevertheless, to allay concerns, we decided to install a state-of-the-art security system on the premises and operate a van service for employees going to and from the subway.

We dealt with all of our remaining fears in similar fashion. Even so I kept wavering. It took 10 months to prepare for the move, and whenever we hit a snag, I went back and questioned the decision. How would customers feel about our moving to a different area code? How long would it take to train the new employees? Was it really a good idea to leave a lucky location?

I don't think I became fully committed to the decision until we had officially informed our employees and signed a contract for the new telephone system, at a cost of more than $100,000. We moved about three months later. On my last day in the old office I cried.

What I didn't see, what none of us saw, were the benefits that would come from starting over in a new place.

Moving has the power to rejuvenate a business. I'm not saying that it always happens, but when it does, the effect is amazing. You feel as though you're launching the company all over again. There's a whole new level of excitement and enthusiasm. It's fun in the same way a start-up is fun. You're learning something every day.

In our case, there were three unexpected developments that fueled our rejuvenation. First, we were forced by the simple act of moving to do certain things we probably should have done before, such as upgrading our phone and computer systems. We'd built them piece by piece over the years, adding an extension here, a gizmo there. But you can't move jury-rigged systems, so we had to decide what we really wanted. Acquiring the new systems energized the entire company.

Second, moving forced us to change old habits, develop new disciplines, and take a fresh look at various parts of the business. Once we had some distance from the messenger service, for example, we realized it was taking up too much of our time and energy and providing very little in return. We closed it down.

I also became more disciplined about seeing customers. I had to. When we were in Manhattan, I could squeeze the visits into breaks in my schedule. After the move, I had to plan my visits. The result was that I did a much better job of staying in touch with customers.

But the biggest surprise, and the most important discovery, was that our fears were completely unfounded. Yes, we lost people. About 25% of our staff decided not to make the move, and another 10% left afterward. Those who stayed, however, were excited about being there, and the new people we hired brought enthusiasm and fresh ideas.

And hiring didn't become harder, as we'd feared. It got easier. We were recruiting in an area of relatively high unemployment and offering above-average wages. Granted, the location was a negative for some people, but it was a positive for others. The inner-city employees we hired, moreover, have proved to be more reliable than those we've had in the past, maybe because they're closer to home.

As for our concerns about safety, they just disappeared. We run the van only in bad weather now; otherwise, people prefer to walk. Meanwhile, we've yet to experience our first break-in. We had two at our offices in Manhattan.

Most important, the chemistry of the business has never been better. We're less spread out physically than we were before, and there's a greater sense of being together, on the same team. The atmosphere is more relaxed. The communication is faster. We're having more fun.

And me? I'm having a ball. Maybe it's a coincidence, but the storage business took off shortly after the move, and I've had a front-row seat. I've been able to watch the business grow before my eyes. There's nothing like it.

I can't believe how lucky this place has been for me. My only fear is that someday I might have to move. ■

Norm Brodsky (brodsky13@aol.com) is a veteran entrepreneur whose six businesses include an Inc. *100 company and an* Inc. *500 company. This column was coauthored by Bo Burlingham. Previous Street Smarts columns are available on-line at www.inc.com/extra/columns/streetsmarts.*

THE INNER CITY 100

America's best-kept secret

Some of the fastest-growing entrepreneurial companies are where you might least expect to find them. The secret of their success? Location, location, location

$4.3-MILLION INTERNET-ACCESS PROVIDER. A $101-million computer-accessories manufacturer. An $8.5-million recruitment company. A $24-million food distributor. Each of them growing rapidly over the past five years. Do they sound like businesses you would expect to find in this country's inner cities? If not, fasten your seat belts. Our first annual Inner City 100, a ranking of America's fastest-growing privately held inner-city companies, is full of surprises.

The 100 companies that we have identified here, in partnership with Harvard Business School professor Michael Porter's nonprofit Initiative for a Competitive Inner City (ICIC), have made their location a true business advantage—whether because of proximity to customers and suppliers, the ready availability of an untapped local labor pool, or the cost advantages of the real estate. "We started from zero. Our product went through several evolutions, and the early years were very labor-intensive," says Y.C. Chang, cofounder of International Power Devices Inc., a $26-million Boston-based electronics manufacturer, which was recently acquired by Power-One Inc., in Camarillo, Calif. "If we had tried to set something up in the suburbs, where we didn't have a labor pool to draw from and where we would have paid high wages, we would have been out of business long ago."

This inaugural Inner City 100 is not about feel-good efforts to revitalize the inner city. It's about business: real revenue growth over a five-year period, measured by the same stringent criteria as those used for our annual *Inc.* 500 list. Together with a team from the ICIC, our staff spent more than six months identifying candidates and learning first-hand about their strategies, strengths, and weaknesses. As a result, we offer you an exclusive snapshot of some of the most creative entrepreneurs in one of the country's least-recognized places to grow a business: the inner city. —*Karen Dillon, deputy editor*

BOSTON: *ICIC founder Michael Porter*

A window on the new economy

Understanding the economic potential of the inner cities BY MICHAEL PORTER AND ANNE HABIBY

THE INNER CITY 100 IS A MILESTONE IN understanding the economic potential of America's inner cities and, as such, offers a window on the new U.S. economy. The Initiative for a Competitive Inner City (ICIC) has spent the past five years chronicling the competitive potential of inner cities. When we agreed to become partners with *Inc.* in compiling the first-ever ranking of inner-city growth companies, we expected the findings would be interesting. But even we were surprised by the results. The average annual compound growth rate of the companies on the list is 44%, and they collectively created 1,696 new jobs between 1993 and 1997.

The ICIC has long championed the inner city as a good place to do business because of four competitive advantages of the inner city. The Inner City 100 shows how its promise can be transformed from a theory into a concrete reality.

In the first year more than 200 applicants came forward to nominate themselves as high-growth inner-city companies. By *inner city*, we mean economically distressed urban areas suffering from unemployment and poverty. The ICIC's research suggests that inner cities contain about 12% of all U.S. urban households. Inner cities are usually distinct from more prosperous central business districts and often surround those areas geographically.

We knew before we compiled the Inner City 100 that there were many businesses in inner cities—a surprise to those who assume that little economic activity exists there because of those communities' well-known problems. For example, our research with the Boston Consulting Group (BCG) documented that Chicago has approximately 15,000 inner-city companies generating $50 billion in annual revenues and employing about 250,000 people. (*Continued*)

In the new economy,

the available and growing labor force will be in inner cities. More than 54% of workforce growth will come from minority communities.

What competitive advantages do inner cities offer business? Our research has revealed four principal ones:
• a strategic location at the core of major urban areas, highways, and communication nodes with potent logistical advantages;
• an underutilized workforce with high retention amid a tight overall national labor market;
• an underserved local market with substantial purchasing power that can support many more retail and service businesses than it now has;
• opportunities for companies to link up with and provide outsourcing for competitive clusters (for example, health care and tourism) in the regional economy.

The companies on the Inner City 100 list illustrate particularly well how the first three advantages can combine to create explosive growth.

Strategic location. The Inner City 100 companies overwhelmingly supply other businesses and compete on customer service rather than on price. These logistics-savvy, service-intensive companies cite proximity to customers and to transportation infrastructure as the key competitive advantages of their inner-city location. Put simply, they can get their products or services to their customers quickly and efficiently.

At a time when just-in-time services are a premium in the fast-paced economy, inner cities should be some of the most valuable locations in the competitive landscape. Inner cities are the geographical hubs of their regions. The company that tops this year's list, Pac-Van Inc., in Indianapolis, could even be said to be at the hub of the nation. According to Indianapolis mayor Stephen Goldsmith, Pac-Van is located within a day's drive of 60% of the U.S. market.

Human resources. Over the past 20 years much of the job growth in metropolitan areas has been not at the hub but at the spokes—the suburbs. However, a dramatic shift is occurring in the labor force. For the past few decades the most pressing human-resource issue facing the U.S. economy has been the creation of jobs. Over the next 10 years the critical issue will be finding workers. Growth in the labor supply, projected to be 1.1% a year by the U.S. Census, will fall far short of the demand for labor, which has increased by an annual average of 2.6% over the past two years.

In the new economy the available and growing labor force will be in inner cities. More than 54% of workforce growth will come from minority communities, which are heavily concentrated in cities and inner cities. The challenge for many companies will be to attract, train, and retain that increasingly diverse and urban workforce. Some companies have experimented with transporting urban workers to the suburbs, with mixed results. Ultimately, the shortage of labor and high cost of commuting will make that strategy less and less tenable.

However, more and more companies are moving into inner cities and beginning to contribute to public efforts in workforce development and training. Some, like ColorMatrix, an Inner City 100 company based in Cleveland, have even turned down incentives (including tax benefits) to move to the suburbs. ColorMatrix has stayed put because its access to labor is one of its key competitive advantages, and its inner-city location is part of the company's branding. Like the rest of the Inner City 100, CorlorMatrix is defining new strategies for training and retaining workers in a tight labor market.

Underserved local market. The new U.S. economy will be characterized by the ascendance of minorities, and inner-city households specifically, in important new roles as both workers and consumers. Our research with BCG shows that inner-city residents annually contribute at least $85 billion, or 7%, of all U.S. retail spending. More than 25% of that demand is not being met by neighborhood retailers.

Fulfilling the potential of inner cities will require that we address the many disadvantages those communities pose as business locations. But it's important to distinguish between perception and reality. The Inner City 100 CEOs cite as competitive disadvantages negative *perceptions* about their neighborhoods—especially in regard to crime—far more often than they cite *actual* crime rates or an inadequate labor pool. The Inner City 100 should shed new light on the reality of those neighborhoods.

The Inner City 100 demonstrates that the real opportunity to create self-sustaining income and wealth for inner-city residents is ultimately through the private sector. If just 100 inner-city companies created 4,695 jobs between 1993 and 1997, think of what a concerted effort to foster entrepreneurship in inner cities could mean. Such a push could have a major impact on national economic development by bringing more of our citizens into the market economy.

Largely abandoned during the era of industrial restructuring, the inner city is now a frontier of business growth and entrepreneurship. The Inner City 100 companies are growing rapidly because they're creating the products and services that meet the needs of new markets and are tapping the new labor forces.

Sustainable economic development in inner cities will come from building on the base of existing companies that are the front-runners in the new economy. Their potential, combined with tight labor markets, a growing supply of capital, and the renaissance of many adjacent downtown areas, has created an economic environment that this country has dreamed about for decades.

For further information, please visit the ICIC's Web site at www.icic.org. ■

Michael E. Porter is the C. Roland Christensen Professor of Business Administration at Harvard Business School, a leading authority on competitive strategy, and the founder of the Initiative for a Competitive Inner City. Anne Habiby is the ICIC's director of research, strategy, and communications.

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THE INNER CITY 100

The first annual ranking of the fastest-growing, privately held inner-city companies in America

COMPANY	1997 NO. OF EMPLOYEES	1997 REVENUES	SALES GROWTH 1993–1997 (% INCREASE)	COMPOUND ANNUAL GROWTH (CAG) 1993–1997
1 **Pac-Van** Indianapolis, IN Leases & sells modular offices & storage units	55	$9,154,377	19,265%	273%
2 **Shore.Net** Lynn, MA Provides Internet-access & Web-hosting svcs.	56	4,255,845	8,712	206
3 **Roundhouse** Compton, CA Sells compact-disc organizers & insulated coolers	61	11,429,698	5,425	173
4 **Tucker Technology** Oakland, CA Installs & engineers telecommunications & IT systs.	84	2,464,129	3,330	142
5 **Construct Two Group** Orlando, FL Provides construction-mgmt. svcs.	27	7,041,331	2,964	135
6 **Thermagon** Cleveland, OH Mfrs. thermal-conductive materials for electronics	24	4,933,227	2,662	129
7 **Baja Printing** San Diego, CA Provides commercial-printing & digital-duplicating svcs	18	2,734,997	1,363	96
8 **TCG** El Paso, TX Sells & svcs. computers & networks	13	4,064,345	1,109	86
9 **Envios, R.D./Pronto Envios** New York, NY Provides money-transfer svcs	39	6,059,320	1,060	85
10 **YMLA** Los Angeles, CA Mfrs. apparel	70	20,315,299	1,021	83
11 **NuStyle Development** Omaha, NE Develops historical bldgs. into apartments & offices	27	8,532,463	1,008	82
12 **Plitt** Chicago, IL Wholesales seafood	55	16,424,706	997	82
13 **Historic Restoration** New Orleans, LA Develops & manages inner-city real estate	418	55,334,400	970	81
14 **Armory Revival** Providence, RI Rehabilitates & restores real estate & builds new housing	23	6,695,274	883	77
15 **Impulse Group** Minneapolis, MN Designs, builds, & installs audio & video systs	22	3,178,554	786	73

Being There

Cofounders: Michael Shaughnessy, president (pictured below), and John Haugh, CEO

Company: ColorMatrix Corp., #37

Location: Cleveland

Business: Manufactures liquid color for plastic products

Reasons for locating in the inner city: Proximity to suppliers, labor, public transportation, and warehousing facilities is important. But, says Shaughnessy, "the thing that's really kept us here is our close connection with the revitalization of the city." In 1998, Labor Secretary Alexis Herman visited ColorMatrix and held a press conference on welfare-to-work programs. "She invited us to attend a lunch with her at the National Press Club in Washington, D.C.," says Shaughnessy. "For us, the welfare-to-work program is good, cheap branding."

Key inner-city disadvantage: "The buildings in Cleveland's inner city, for the most part, were built in the 1920s and '30s," says Shaughnessy. "They weren't designed for today's industries. We're always adapting the business to fit the structure rather than designing the building around our business."

Quote: "We don't do welfare-to-work for the tax credits," says Shaughnessy. "There are some available, but the red tape makes it more trouble than it's worth. Plus, the image that tax credits project to the employees is that ColorMatrix is getting a credit for tainted merchandise. When we hire people from welfare, we want them to come here and be on equal footing with their coworkers."

—*Mike Hofman*

PHOTOGRAPH: JEFF SCIORTINO

Being There

CEO: Pedram Fararooy
Company: ABB Labels, #92
Location: Los Angeles
Business: Manufactures labels and tags

Reasons for locating in the inner city: ABB's location near downtown L.A. gives Fararooy a relatively short commute of 30 to 40 minutes, and also means easy access to suppliers, customers, and labor. To his surprise, ABB's inner city location generated some walk-in business from manufacturers in L.A.'s garment district. Overall, Fararooy says, such traffic accounts for 5% to 10% of his business. "When we started, people would walk in and ask, 'Are you doing these kinds of labels—fabric labels?' Even though that was not what we did, eventually we realized there were no marketing costs, so we expanded our product line."

Key inner-city disadvantage: In downtown Los Angeles, Fararooy estimates, his tax bill is about 5% higher than it would be in the surrounding suburbs. "There are other cities 10 or 15 minutes away from here that are actually business oriented," he says.

Quote: "Our sales would be 20% to 30% lower elsewhere," Fararooy says. "Lots of customers call up and say, 'Can you have this by Tuesday?' and the only way we can do that is by having quick access to suppliers and delivery."

—*Emily Barker*

COMPANY	1997 NO. OF EMPLOYEES	1997 REVENUES	SALES GROWTH 1993–1997 (% INCREASE)	COMPOUND ANNUAL GROWTH (CAC) 1993–1997
16 **Integrity Distribution** Buffalo, NY Sells office prods.	16	$3,417,846	766%	72%
17 **Hamel Group** Oakland, CA Provides recruitment & human-resources marketing svcs.	13	8,537,784	721	69
18 **iQuantic** San Francisco, CA Provides human-resources consulting svcs.	24	4,791,958	712	69
19 **Staff Solutions** Detroit, MI Provides temporary general-labor svcs.	22	5,076,931	683	67
20 **Give Something Back** Oakland, CA Sells office supplies & furniture & provides printing svcs.	47	7,547,024	626	64
21 **SouthStar Steel** Charlotte, NC Imports & markets stainless-steel bars	70	79,387,060	602	63
22 **Contract Furnishings** Kansas City, MO Markets office furniture & mfrs. custom wood furniture	18	4,234,674	561	60
23 **Goode Trash Removal** Hyattsville, MD Provides waste-mgmt., trash-hauling, & recycling svcs.	60	3,503,816	454	53
24 **H.B. Meats** Dallas, TX Wholesales meat	25	4,865,358	442	53
25 **Belkin Components** Compton, CA Mfrs. computer accessories & power-protection prods.	381	100,834,048	400	50
26 **Complete Personnel Management** Cleveland, OH Provides staffing & employee-mgmt. svcs.	19	14,337,848	384	48
27 **Berryman Enterprises** Oklahoma City, OK Provides general contracting svcs.	40	9,162,830	352	46
28 **Giroux Glass** Los Angeles, CA Provides construction subcontracting svcs.	100	12,679,981	337	45
29 **New World Security Associates** Boston, MA Provides security-guard svcs.	160	5,185,590	335	44
30 **Lori Bonn Jewelry** Oakland, CA Designs sterling-silver jewelry	10	1,301,022	326	44
31 **Interface Data Systems** Phoenix, AZ Designs & mfrs. electronic-interface devices	163	10,056,491	325	44
32 **K.F. Express** Columbus, OH Transports time-sensitive freight	25	1,578,944	313	43
33 **Archives Management** Waterbury, CT Provides record-mgmt. & storage svcs.	23	1,748,228	310	42
34 **Crystal Window & Door Systems** Flushing, NY Mfrs. aluminum & vinyl windows & doors	150	19,837,277	296	41
35 **Roses Southwest Papers** Albuquerque, NM Mfrs. paper prods. using recycled materials	110	23,511,000	292	41
36 **Page After Page** Washington, DC Sells & maintains computer, printer, & photocopier prods.	11	1,021,270	260	38
37 **ColorMatrix** Cleveland, OH Mfrs. liquid color concentrates for thermoplastic industry	129	34,089,149	245	36
38 **City Theatrical** Bronx, NY Mfrs. lighting accessories for entertainment industry	15	1,391,669	237	35
39 **S & S Promotions** Oklahoma City, OK Prints retail signs	30	2,983,313	237	35
40 **Intech Construction** Philadelphia, PA Provides general-contracting svcs.	41	84,019,409	234	35

COMPANY	1997 NO. OF EMPLOYEES	1997 REVENUES	SALES GROWTH 1993–1997 (% INCREASE)	COMPOUND ANNUAL GROWTH (CAG) 1993–1997
41 FBG Services Omaha, NE Provides janitorial & facility-mgmt. svcs.	1,700	$44,639,112	218%	34%
42 Tire Group International Miami, FL Wholesales & exports tires & rubber-related prods.	42	33,316,839	202	32
43 Building Products Plus South Houston, TX Supplies & consults on specialty wood prods.	12	3,972,145	195	31
44 Interlink Group Denver, CO Provides information-systs. consulting svcs.	142	12,936,752	187	30
45 Fischer Group Louisville, KY Develops single- & multifamily affordable housing	20	3,788,106	181	29
46 Color Reflections Philadelphia, PA Provides digital & traditional photographic & printing svcs.	46	[illegible]	178	[illegible]
47 Steeltech Manufacturing Milwaukee, WI Fabricates & coats metal	215	40,485,513	174	29
48 Advanced Electronics Boston, MA Does contract electronics manufacturing	295	36,845,363	173	29
49 Quality Laser Services Buffalo, NY Remfrs., distr. & svcs. laser-printer cartridges	16	1,363,157	168	28
50 Ullman Electric Cleveland, OH Provides electrical contracting svcs.	66	[illegible]	[illegible]	[illegible]
51 Arizona Office Equipment & Supply Phoenix, AZ* Sells & svcs. imaging equip.	64	4,795,907	161	27
52 Jen-Cyn Enterprises Camden, NJ Distr. galvanized sheet steel	51	[illegible]	[illegible]	[illegible]
53 Automotive Technologies Indianapolis, IN Remfrs. disc-brake calipers	28	1,517,967	160	27
54 Stagecoach Cartage & Distribution El Paso, TX Provides regional trucking & warehousing svcs.	220	[illegible]	158	[illegible]
55 E. Morris Communications Chicago, IL Provides advertising, public relations, & promotional svcs.	20	2,106,175	156	27
56 International Power Devices Boston, MA Mfrs. electronic power converters	324	25,547,038	154	26
57 Girard's Fine Foods Los Angeles, CA Mfrs. salad dressings & other condiments	49	16,331,614	152	26
58 Shawmut Design and Construction Boston, MA Provides construction mgmt. & general contracting svcs.	160	101,813,455	152	26
59 Hopkins & Hopkins Milwaukee, WI Provides general construction svcs.	18	2,170,384	150	26
60 Best Care Minneapolis, MN Provides home-health care svcs.	115	3,188,067	149	26
61 Boulevard Brewing Kansas City, MO Brews beer	31	3,876,499	139	24
62 Tracey/Soltrace Philadelphia, PA Mfrs. & sells custom office furniture	28	1,395,315	139	24
63 Diaz Foods Atlanta, GA Mfrs. & distr. Hispanic foods	85	23,524,372	138	24
64 Load King Manufacturing Jacksonville, FL Mfrs. food service & waste-handling equip.	300	34,804,035	138	24
65 Alegre Construction Specialists Holyoke, MA Provides general-contracting svcs.	60	1,655,395	133	24

*Relocated to Tempe, AZ, as of 1999

Being There

CEO: René Diaz

Company: Diaz Wholesale & Manufacturing (dba Diaz Foods), #63

Location: Atlanta

Business: Manufactures and distributes Hispanic foods

Reasons for locating in the inner city: Diaz knows the area intimately: he grew up in midtown Atlanta, where his father and grandfather owned two grocery stores. His father, Julio Diaz, founded the business, which made a gradual transition from retailer to manufacturer-distributor when René, at 18, began buying spices from Florida and putting them in bags to area stores and restaurants. The company is 12 minutes from the airport. Diaz often uses that advantage to strike deals with Mexican manufacturers during their stopovers. "I can get them between the time they arrive at the gate and the time they're finished with baggage claim," he says.

Key inner-city disadvantage: "There's not really a pool of people in the inner city to hire," Diaz says. "We're often looking for Spanish speakers, and a lot of the Latino population lives in Norcross [some 40 miles away]. It's difficult drawing people in, because of the big commute and the traffic." Of Diaz's 25 salespeople, all but 3 know Spanish. "We want the operator to know Spanish and funnel customers in immediately, instead of having the callers hold for the next available Spanish speaker."

Quote: "My dad is the best salesman we have," Diaz says. "He sold his store, and now he leads us in sales. In a year he put 70,000 miles on his new Lincoln Navigator." —Ilan Mochari

Being There

CEO: Carol Ann Clements
Company: Jen-Cyn Enterprises, #52
Location: Camden, N.J.
Business: Distributes galvanized sheet steel

Reasons for locating in the inner city: "From a distribution standpoint, Camden is perfect," says Clements. Jen-Cyn's seven trucks can make deliveries from western Pennsylvania to Baltimore, all in one-day runs. Plus, it's close to the pier (where imported steel is unloaded).

Key inner-city disadvantages: "We need additional warehousing space," Clements says. "I've tried working with the city and county, and they don't budge. Right now we're on two sides of the street, and we want the space on the corner, which has been in foreclosure for years. Based on the jobs we provide and the strength of the company, you'd think they'd help. The political wheel keeps turning, and nothing gets done."

Quote: "Camden is very successful in getting government grants because it's poor," Clements says, "but they go to nonprofits, which are great, but they're not committed to sustainable growth, which I say is creating jobs, not giving handouts." —I.M.

Company	1997 No. of Employees	1997 Revenues	Sales Growth 1993–1997 (% Increase)	Compound Annual Growth (CAG) 1993–1997
66 **Gateway Security** Newark, NJ Provides security svcs.	400	$11,235,942	133%	23%
67 **CB Richard Ellis—Memphis** Memphis, TN Provides leasing, brokerage, & construction-mgmt. svcs	96	3,769,079	132	23
68 **Architectural Design Group** Oklahoma City, OK Provides architectural, planning, & interior-design svcs.	30	2,545,200	131	23
69 **Funk and Co.** El Paso, TX Provides mechanical & electrical contracting svcs	141	20,326,535	128	23
70 **Hereford House** Kansas City, MO Operates steak restaurant	200	9,326,448	127	23
71 **Trendex** St. Paul, MN Mfrs. & distr. presentation materials	48	5,249,023	127	23
72 **Eutectic Engineering** Detroit, MI Mfrs. precision investment castings	107	7,873,980	127	23
73 **Talan Products** Cleveland, OH Provides contract manufacturing & metal stamping	44	8,198,474	123	22
74 **P. Flanigan & Sons** Baltimore, MD Builds highways & mfrs. asphalt	236	43,573,919	121	22
75 **Waterworks** Columbus, OH Provides plumbing & drain-cleaning svcs	63	4,170,000	121	22
76 **American Echo** Kansas City, MO Mfrs. & sells equip. used for cardiac ultrasounds	15	2,599,908	121	22
77 **Fitigues** Chicago, IL Designs, mfrs., & sells apparel	100	21,339,929	121	22
78 **Gene's Plating Works** Los Angeles, CA Electroplates aluminum & steel wheels	280	16,769,726	119	22
79 **Tom Cat Bakery** Long Island City, NY Bakes artisan bread for wholesale	95	4,852,616	116	21
80 **American Christmas Decorations** Bronx, NY Designs & installs commercial Christmas decorations	25	1,465,265	116	21
81 **A-1 Fire Equipment** Miami, FL Provides fire & safety svcs. & prods.	20	1,563,683	114	21
82 **Adtec Electroplating** Lawrence, MA Performs electroplating svcs	80	7,355,791	113	21
83 **Uniglobe Keystone Travel** Milwaukee, WI Operates travel agency	12	4,962,529	113	21
84 **Office Plus** Las Vegas, NV Sells office supplies, furniture, & machines	41	6,080,567	110	20
85 **Phoenix Hotel/Backflip** San Francisco, CA Operates hotel & restaurant	40	2,270,377	104	19
86 **EHOB** Indianapolis, IN Mfrs. & sells prods. for treating pressure ulcers	77	7,311,930	100	19
87 **Shapco Printing** Minneapolis, MN Provides commercial-printing svcs	100	15,404,357	100	19
88 **Star Hardware** Hartford, CT Sells hardware & bldg. supplies & provides contracting svcs	18	2,131,067	100	19
89 **Stop Shop Save Food Markets** Baltimore, MD Retails groceries	483	53,491,347	96	18
90 **Dock's Great Fish** Chicago, IL Operates seafood-restaurant chain	147	12,028,173	95	18

Being There

Cofounders: (from left) Alan, Robert, and Joel Shapiro
Company: Shapco Printing Inc., #87
Location: Minneapolis
Business: Does commercial printing

Reasons for locating in the inner city: "When we started out, 23 years ago, we were simply looking for a place that was cheap," says Joel Shapiro. Shapco rented its first site for $150 a month. These days Shapco is five blocks away in a former carpet warehouse, bought for $440,000 and fixed up for another $200,000. Shapco's central location puts it within easy striking distance of its customers, 80% of whom are based in the Twin Cities metropolitan area. "That proximity is especially important for high-end color-printing work, since clients often need to come to the plant for press checks," Joel says.

Key inner-city disadvantage: Because printers at Shapco work overnight, there have been some security problems. "The only issue we have is that transients will break into a car if they see anything left out, so we have security from sundown to sunrise," Joel says. Hiring a guard to watch the parking lot six nights a week costs Shapco $52,000 a year.

Quote: "There isn't a lot of crime around here," says Joel. "The stuff that happens is so petty. But the perception is worse than the reality. We've actually lost some business that way. There are people that have no desire to come down to this area at night, for example." —E. B.

Inc. ONLINE *Delve into the data on the Inner City 100 at www.inc.com/issue/may99.*

COMPANY	1997 NO. OF EMPLOYEES	1997 REVENUES	SALES GROWTH 1993–1997 (% INCREASE)	COMPOUND ANNUAL GROWTH (CAG) 1993–1997
91 **Warehouse One** Kansas City, MO Buys, sells, trades, rents, & recycles business equip.	49	$5,435,233	93%	18%
92 **ABB Labels** Los Angeles, CA Mfrs. labels & tags	35	2,713,246	89	17
93 **Sterrett Dymond Stewart** Charlotte, NC Provides full-service advertising	10	2,904,583	88	17
94 **Badders Garage** San Antonio, TX Repairs trucks & automobiles	13	1,126,056	83	16
95 **Spectrum Imaging Systems** El Paso, TX Sells & svcs. office systs.	39	5,208,776	82	16
96 **Neil Kelly** Portland, OR Designs & remodels homes & interiors	128	11,796,168	81	16
97 **Levtran Enterprises** Hanover, MD Retails urban fashion apparel & footwear	300	22,263,974	81	16
98 **Commercial Kitchen Repair** San Antonio, TX Repairs commercial-kitchen equip. & retails parts	58	5,564,566	81	16
99 **Even Cut Abrasive** Cleveland, OH Mfrs. abrasive specialty prods.	120	8,234,916	74	15
100 **Leasa Industries** Miami, FL Produces tofu, fresh vegetables, & oriental specialty prods.	45	3,466,072	72	15

Methodology: Finding the Inner City 100

Basic Qualification Criteria

To qualify for the Inner City 100, a company had to—

- be an independent, for-profit corporation, partnership, or proprietorship (not a subsidiary or division)
- have 51% or more of its physical operations in inner-city areas
- have 10 or more employees in 1997
- have a five-year operating sales history that included at least six months of sales revenues in 1993, an increase in 1997 sales over 1996 sales, and sales of at least $1 million in 1997.

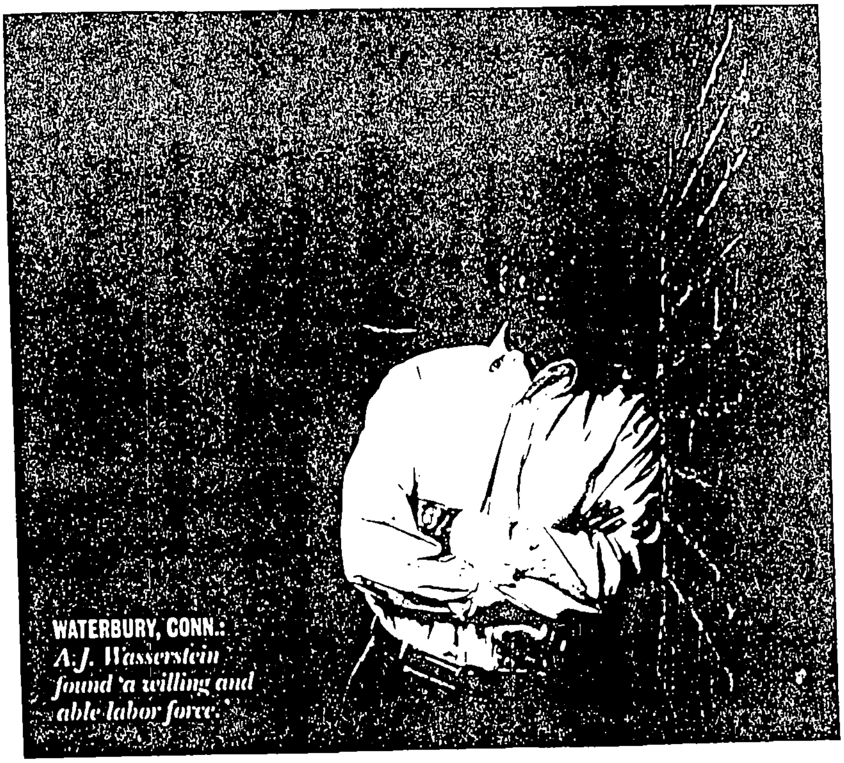
Applicants were required to submit the first three pages of their signed tax forms for 1993, 1996, and 1997, or financial statements (audits or reviews) prepared by an outside auditor or accountant. The documentation had to reflect the same method of accounting for all three years. Applications were subject to a strict due-diligence process, including a complete review of all financial materials by the Initiative for a Competitive Inner City's pro bono consultant, PricewaterhouseCoopers. At the recommendation of PWC, the revenue numbers were annualized for all companies that had less than a full year of sales in 1993. Companies were then asked to complete an extensive survey and phone interview.

Central business districts were excluded from the definition of an inner-city location. To ensure that the businesses were located in inner cities, the ICIC undertook rigorous demographic analysis using mapping software for each company. Eligible companies were located in zip codes and census-block track groups with the following benchmarks: a median household income that was 25% lower than that of the local metropolitan statistical area and a poverty rate that was 50% higher than that of the MSA. Additionally, site visits were conducted by the ICIC, *Inc.* staff members, and ICIC partners to a majority of the top 120 candidates.

—Raisa Lawrence, manager, Inner City 100, and vice-president, ICIC

Special thanks to Rob Devaney, Lorri Davis, Anne Habibs, Amelia Alberghini, Rachel Greenblatt, Seth Hanlon, Bill Lamb, Anthony Borelli, Elyse Friedman, Najmal Kahn, and the entire ICIC staff, as well as the PricewaterhouseCoopers team of Micka Driscoll, Jamie Pittman, and Jay Mattie.

PHOTOGRAPH: SAL SKOG



WATERBURY, CONN.: *A.J. Wasserstein found 'a willing and able labor force.'*

By the numbers

Armed with a new M.B.A., A.J. Wasserstein figured he knew everything he needed to know to launch a business in the inner city—until he got there

BY JOSHUA MACHT

HE COULD HAVE SETTLED HIS START-UP anywhere—just so long as it was near his parents' house in New Preston, Conn., a small rural town in the northwestern corner of the state. After graduating from the Stern School of Business at New York University, in 1991, A. J. Wasserstein, then 24, returned home to conserve cash and identify the perfect spot for Archives Management (#33), his newly hatched file-storage company.

A more conventional M.B.A.-turned-entrepreneur might have steered straight for the suburbs. Wasserstein chose a path less traveled. He cobbled together $70,000 from family and friends to purchase a dilapidated brick building in the heart of Waterbury, Conn., a blue-collar former mill town of 100,000 citizens. "Waterbury wasn't exactly a popular destination for my classmates," he admits. "Most of them headed to Wall Street or plush office parks."

If the choice seems odd, then look at the results: since 1991, Archives Management has ballooned into a $2.6-million business with 25 employees and a 23% profit margin.

Wasserstein didn't make his decision to locate in Waterbury lightly. For six months he traipsed around Connecticut, eyeing properties in nearby towns like Danbury, New Milford, and Bridgeport. But only Waterbury met his most critical criteria: low cost and central location. The small city happened to lie at the intersection of Interstate 84, which runs east and west, and Route 8, which heads north and south. With Waterbury as his home base, Wasserstein reckoned he'd be within two hours of any location he wanted to reach.

Waterbury was also awash in neglected brick warehouses, empty monuments to a time when the city was a thriving manufacturing hub. Even after borrowing an additional $100,000 to refurbish his first building, Wasserstein calculates that purchasing and renovating the 50,000-square-foot structure cost $1,800 a month. He believes that the purchase price might have been as much as 30% higher if he had planted his business in Danbury, a more affluent town that's closer to Manhattan.

What Wasserstein didn't foresee was that his dollar would stretch far beyond the boundaries of his spreadsheet calculations. The first indication came in 1992, when he placed a help-wanted ad for a customer representative in the *Waterbury Republican*. The following day he received responses from more than 25 eager applicants. While Wasserstein dispels the notion that urban labor comes cheap—he pays rank and file $7 to $12 an hour—he wonders if he would have discovered such an ample labor pool in other areas. "This is not glamorous or sexy work," he says. "But this city had a willing and able labor force to tap into."

It also had a community of businesses that welcomed his fledgling operation. The *Waterbury Republican*, for example, responded to Wasserstein's early press releases with a string of articles chronicling the company's business dealings, which in turn attracted local customers, such as Waterbury Hospital and General DataComm. "We have a mandate to use local vendors when possible," says Erik Wexler, vice-president for business development and community relations for Waterbury Hospital. "But Wasserstein also offered us a better price."

Wasserstein's choice of an unorthodox location caught the eye of investors, too. In April 1998, Housatonic Partners, a $45-million venture fund in Boston, purchased a 20% stake in the company for $500,000. While most venture capitalists rarely troll the inner city for hot prospects, Tom Bird, a partner at Housatonic, sees it as undiscovered territory. "The urban environment is good precisely because a lot of other venture capitalists shy away from it," he says. "We aren't looking for the next Netscape. We want steady, solid businesses that others are likely to miss." ■

Joshua Macht (josh.macht@inc.com) is an associate editor at Inc.

PHOTOGRAPH: NICK CARDILLICCHIO

Empire of the sons

The brothers who run Pac-Van are doing what their father taught them to do—right where he taught them to do it BY MIKE HOFMAN

SOME SONS FOLLOW IN THEIR DADS' footsteps. Bill Claymon's sons followed him right into his office, and then they took it over.

That was in 1993, when the three Claymon boys founded Pac-Van Inc., running it in the same cramped quarters occupied by Bill's company, a Roto-Rooter plumbing franchise. By 1996, with sales soaring to nearly $6 million, Pac-Van—which sells and leases mobile offices, modular buildings, and storage trailers—was in desperate need of more room.

With a five-year growth rate of more than 19,000%, Pac-Van tops *Inc.*'s inaugural ranking of the 100 fastest-growing inner-city companies. Given Pac-Van's demanding trajectory, the Claymons considered picking a spot more convenient to the posh northern suburb where they live. Instead they chose to stay where their father and grandfather had run businesses. Their new facility is bordered on two sides by a gravel yard in a heavily trafficked industrial corner of Indianapolis. "The inner-city element isn't anything we even thought about," says eldest brother Brent, 31, who, like his brothers Scott and Matthew, uses the title of principal. "We probably didn't think about it because of our own experiences. There might be people who would shy away from that."

Indeed there might be, but those people shouldn't be confused with members of the Claymon clan, whose inner-city roots extend back to 1942. That was the year that George Claymon, grandfather to Pac-Van's founders, started a Roto-Rooter franchise, about five miles from where his grandsons now work. Bill worked for his father from the time he was a young boy. In 1967, he started his own company, a Port-o-Let franchise—note the generational pattern here. He shared space with his father's business, which he took over a couple of years later.

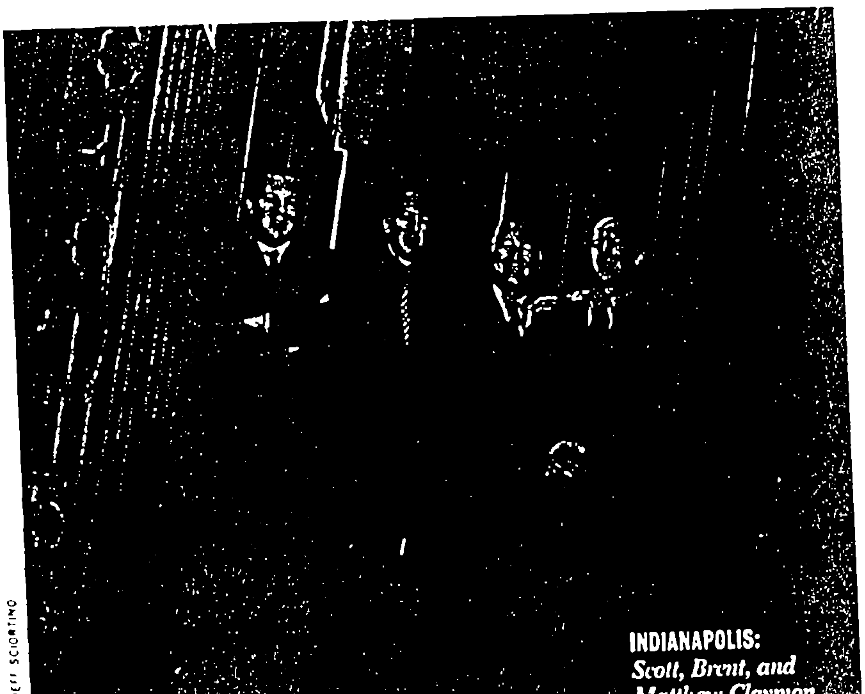
From about the time they turned 13, Bill's three sons spent their summers cleaning and repairing portable toilets. Besides teaching the brothers the importance of hand washing, the experience exposed them to the specific benefits of doing business in the inner city—access to highways, parking for large vehicles, flexible zoning, and cheap land.

When it came time to move Pac-Van's facility, in 1996, the inner city still seemed ideal. For one thing, the company is strategically located within two miles of both I-465, the city's beltway, and I-70, which runs across the country. For another, the site reminded them of where they've always been. "Our decision to move to another inner-city location was probably easier for us to make because we were accustomed to it," explains Brent.

Many founders of high-growth enterprises in the inner city come from entrepreneurial stock; the parents of 58 out of 100 CEOs on *Inc.*'s ranking owned their own business. Even so, few parents have influenced their kids as strongly as Bill Claymon.

That said, Bill refuses to take credit for conditioning his sons to work as a team. "I tried to be laissez-faire with them," he insists. Yet each of his offspring somehow developed complementary company-building skills: Brent has a knack for finance; Scott, 28, has a marketer's charisma; Matthew, 26, masters details like a natural-born operations chief. Birth order played some role in this uncanny lack of overlap, their father suggests.

Still, it was their father, notes Scott, who exposed them to the different



INDIANAPOLIS: ***Scott, Brent, and Matthew Claymon with their dad, Bill***

AP/ JEFF SCIORTINO

Keeping the peace

is an overriding interest of the Claymon brothers. 'Lots of family businesses fail because of the infighting,' warns their father.

functions inside a small business. "Our father laid out the opportunities for us when we worked for him, and we all took pieces of it," he explains. "Remarkably, our interests lie in different areas."

One overriding interest they share, however, is in keeping the peace. Since the beginning, each brother has owned 33% of the business, with Dad holding on to the decisive 1%. Not that he's ever had to play the part of tiebreaker. So mutually respectful are the Claymon siblings that they don't interrupt one another in conversation. That's Bill's handiwork. "Lots of family businesses fail because of the infighting," Bill says simply. "That's something I've always stressed to my sons." Brent still remembers the horror stories Bill used to tell. One was about the brothers who inherited their father's plumbing business in Indianapolis, only to drive it into bankruptcy through their bickering. "That was a story our father repeated many times," Brent says.

Bill passed on more practical insights as well. It was at his urging, for instance, that the brothers have continued their education. Each has pursued an M.B.A. at Indianapolis's Butler University. Bill also strongly suggested that they do a stint in corporate America. "I thought it would be a very nice eye-opener for them," he says. Brent and Scott worked for two years at a division of *Fortune* 500 garbage hauler Waste Management. Their boss actually paired the two together because they worked so effectively as a team.

When start-up time came for Pac-Van, Bill proved again that he could be insanely helpful without being overbearing. He sold the Port-o-Let business in 1988, which would enable him to give his sons seed money (an enviable $300,000). He also cosigned their first bank loan. The youngsters then used Bill's Port-o-Let contacts—developers and contractors—as sales leads. Finally, Bill worked with his sons to set up an ad hoc board that has advocated such sophisticated practices as having audited financials from day one.

"I've worked with high-growth businesses—and a lot of them have been family businesses—and this is not a typical family business at all," concludes David Millard, who has handled Pac-Van's legal work for three years. "The relationship between the brothers is just fascinating to me. It's just so healthy."

Pac-Van is equally robust. Last year the brothers hit $15 million in revenues, and this year they're expecting that number to grow by at least 60%, with the company netting from 6% to 10%. And Pac-Van is one of only 11 Inner City 100 businesses that plan to go public in the next couple of years.

Toward that end, the company has been courting equity investors. The Claymons have earmarked that money for acquiring some small players, funding growth at existing sites, and establishing operations in new cities. With 17 locations nationwide, the brothers have a blueprint for a national rollout with heavy penetration of the western and southern markets. For now, they see little direct competition. While their large competitors focus on million-dollar projects, Pac-Van's jobs typically bring in less than $200,000 apiece.

"There's been tremendous growth in this industry, and there are many cities Pac-Van can go into," Bill says, sounding like a proud papa. But the Claymons aren't likely to abandon their inner-city headquarters, no matter how big Pac-Van grows. They've even talked to the neighboring gravelyard owner about purchasing his property. After all, the next generation has just arrived on the scene: Bill's first grandson, Grant, was born to Scott and his wife, Paula, last year. Any guesses where he'll be working in 12 years? ■

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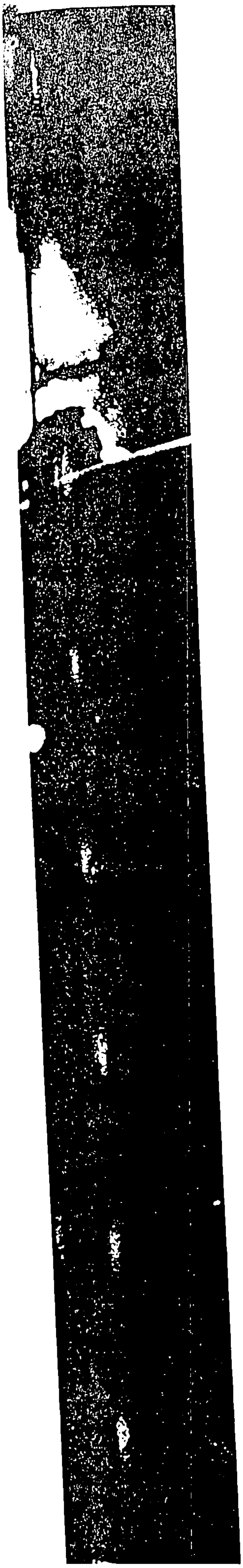
CHICAGO: *'The whole concept of Fitigues is that we're selling quality of life, and the building speaks to that,' says Steven Rosenstein (above), co-owner of the company with his wife, Andi (right).*



The new urban chic

For inner-city CEOs, unconventional office space can mean much more than low rent or high ceilings

BY CHRISTOPHER CAGGIANO

HE INNER CITY. FOR MANY, THOSE THREE words conjure up notions of urban blight, burned-out buildings, and rampant crime. And without doubt those bleak images often are the reality. But that's not the total picture. A number of entrepreneurial archaeologists have unearthed neglected architectural gems in the inner city and strategically morphed them into major assets—and more than just the fixed kind. Those CEOs are using the fixer-uppers to enhance not only their business's identity but their corporate culture as well.

To their denizens, these inner-city discoveries have a distinctly metropolitan appeal and a certain chic unheard of in a modern high-rise or an industrial park. But the real reasons these CEOs chose to locate their businesses in the inner city goes much deeper than charm, convenience, or local color. The members of this urban vanguard see *where* they do business as an extension of *how* they do business.

Promoting a lifestyle

Steven Rosenstein, co-owner with his wife, Andi, of Fitigues (#77), a $28-million casual-clothing company, purchased an enormous turn-of-the-century brick building, originally a scrap-steel warehouse, in an old Chicago industrial district that is rapidly becoming trendy. "When I found it, it was vacant and pretty close to being condemned," says Rosenstein. "What I loved about it was the natural raw space, the high ceilings, the exposed brick, the old skylights. I really wanted to keep a lot of that character." So after sandblasting the place, Rosenstein converted the main building into office space, the former garage into a conference room, and the old boiler room into a company fitness facility. "It's very hip," he says. "It has a polished rawness. It lends itself to people's feeling they can dress the same way, with simplicity but with style. And that's what our collection and our stores are all about."

So, to Rosenstein, his smartly renovated warehouse represents the lifestyle he's trying to create for himself and his employees—and the one he's trying to sell to his end consumer.

PHOTOGRAPHS: JEFF SCIORTINO

"Everything we sell is based on how we like to live," he says. "The catalog is all casual clothing, with an emphasis on how you spend your time." A typical Fitigues catalog features shots of happy couples at home, playing with their kids. "And it's the same kind of people who are putting those catalogs

COLUMBUS: *"We're trying to get our employees to look beyond the fact they're cleaning sewers," says Betsy Dickerson (at near right), co-owner of the Waterworks, housed in an elegantly furnished former schoolhouse (middle and far right).*

out," he says. "The whole concept is that we're selling quality of life, and the building speaks to that." Out of 300 staffers across the country, 50 work in the Chicago building. They are mostly twenty- and thirtysomethings, living a predominantly urban lifestyle. "A lot of them live in these interesting loft apartments in the neighborhood. They eat at the local restaurants, shop at the local shops," Rosenstein says. "So our office is in their backyard."

The building's look and feel say a lot about the corporate culture Rosenstein has tried to create at Fitigues. "We designed this big open space so that we could have as much interaction as possible," he says. "There are very few closed doors. You don't feel any hierarchy. To see me running around in here, you'd never know I own this business."

Doing a marketplace makeover

Betsy Dickerson is co-owner and chief financial officer of the Waterworks (#75), a regional plumbing-services company in Columbus, Ohio. Dickerson and her partner, Thom Havens—one of four other co-owners—are trying to take plumbing upmarket with clean-cut, preppily uniformed plumbers in spotless Waterworks trucks. (Dickerson and Havens even had their employees' shirts designed with extra-long tails, to prevent the infamous "plumber's crack" syndrome.) "We're trying to get our employees to look beyond the fact they're cleaning sewers," she says.

One often hears that one of the benefits of an inner-city location is the price tag. Well, the folks at the Waterworks have put in close to $2 million in renovations, although much of that came from a joint effort with the owner of the building, a former [illegible] star. Still, that money seems to have been rather spectacularly spent. They've taken an early-20th-century schoolhouse and created a neoclassical-modernist urban Valhalla replete with an eclectic mix of sculpture, paintings, antiques, and tapestries. Two

Where giants once roamed

For some inner-city businesses, the charm of a building goes beyond its distinctive architecture. The allure may be the chance to walk the halls that were at one time occupied by legendary American companies.

Down memory lane

"My grandmother, who's 80, used to come here to buy ice cream," says CEO Jay Lucarelli, referring to the Cleveland headquarters of Complete Personnel Management (#26). The 70-employee staffing and human-resources-services company owns a three-story 40,000-square-foot building that ice-cream maker Sealtest used as a milk-processing facility until 1976, when the company got out of that business. A speculator then purchased the property, selling it to Lucarelli and his father for "a little under a million" in 1995. (Lucarelli's father's company also has space in the building.) After spending nearly two years and close to $4 million on renovations that gutted the inside of the building but preserved its terra-cotta exterior, the Lucarellis moved in. "We were ready to move in the day we bought it," confesses Lucarelli, whose old haunts were considerably smaller. "We were crammed in there like sardines."

Auto City gems

The place is Detroit. The time is 1915. A daring automobile company pioneers the first American 12-cylinder engine. Eleven years later the company invents the first hydraulic shock absorber. Ford, General Motors, or Chrysler? Nope. It's the independent Packard Motor Car Co., founded in 1898 by James Ward Packard. Reeling from a postwar steel shortage, the company merged with Studebaker in 1954, and by 1958 had stopped making Packards.

Today in Detroit, Staff Solutions (#19) resides in the 40,000-square-foot former service garage of Packard Motor Car, a building designed by Albert Kahn, the architect behind the *New York Times* building in New York City and the General Motors building in Detroit. In the Packard tradition, Staff Solutions uses part of the building as a garage for its 14 vans. "And we got it for a song," boasts CEO Marilyn Malin, who paid

story palm trees rise out of enormous deep-red urns. As a finishing touch, the slate chalkboards from the old classrooms line the walls of the first-floor bathroom. "We're really interested in helping to turn this neighborhood around," says Dickerson. "This is all a part of that."

Beyond adding a little physical dignity to her employees' daily existence, Dickerson is also hoping to provide a better working environment. "We're trying to get plumbing back to a profession rather than a trade," she says. "We like to think that we treat our employees the same as the employees downtown at IBM are treated. And that includes the money they make." And, evidently, the place where they work.

Shaking up a staid industry

Mark Edwards, president of iQuantic (#18), says one of the reasons he chose San Francisco's Mission District as his business locale was that he lives just six blocks away. But it also put his company, a human-resources consultancy, 15 minutes closer to his Silicon Valley clients than if he had been ensconced downtown. In addition, Edwards says, he chose the space for what it would communicate about his company's culture—despite the somewhat dicey neighborhood. "I didn't want some high-rise office with employees all stuck in cubicles," he says. "I wanted a loft-type space. Our location supports our culture and our image. It's part of what the firm tries to be about."

The building in which iQuantic rents space covers a triangle-shaped city block, not unlike Manhattan's famed Flatiron Building. One bank of windows faces downtown, which is about two miles away. "I always like to look out there at all those uptight office buildings and thank whoever's responsible that I'm not there," Edwards says.

The company's offices occupy the third floor and fourth-floor tower of the building, a former mattress factory built after World War I. Edwards says he had to bring his space up to code for earthquake and fire protection but otherwise chose to keep as much of the original look as possible, including exposed beams, ventilation ducts, and pipes. He says the mostly open space encourages more collaboration and communication. "We can see from one end of the office to

$100,000 for it and moved in after six months of renovations.

Tomato plant

Walk into the offices of Lori Bonn Jewelry (#30), in Oakland, Calif., and you'll notice that one of the floors is a bit askew. "There are sloping floors in the main hallway," says CEO Lori Bonn Gallagher. "It was so the tomato juice could drip out. A drain used to be there."

For $2,166 a month, Gallagher rents a 3,400-square-foot space in a building that was used as a tomato cannery by Del Monte Foods. Before the move, Gallagher packed nine employees into 800 square feet of space in San Francisco, for which she paid $1,100 a month. She now uses the extra space for a nursery and as a jewelry showroom for visitors.

One good find after another

There aren't many parallels between forklifts and greeting cards, but in Kansas City, Mo., a company that collects the former started out where the inventors of the latter—the Hall brothers, founders of Hallmark—once housed their business. When Mary Lou Jacoby, CEO of Warehouse One (#91), bought her first building, for less than $50,000 in 1986, she had no idea of its history. "I found boxes of Hallmark's old orders and bills and letters," she says. But after two years Warehouse One, which stockpiles and sells equipment ranging from forklifts to golf carts, found that its equipment collection was too big for the Hall brothers' old digs. Jacoby now rents a 450,000-square-foot space built in 1938 that for almost 40 years was home to Black, Sivalls, and Bryson, once well-known players in the oil-field-equipment industry. Leather-embossed panels throughout the office narrate the former tenant's history. "It's a very art-deco-looking building, with rounded corners and curved windows," says Jacoby. "There's a carpet from back then that's 100% wool, and it still looks a lot better than the new stuff." Recently, Jacoby acquired the building as part of a six-person real estate partnership. The partners also bought a neighboring property that was used as the second Ford assembly plant.

—Ilan Mochari

the other," he says. "We're always kidding that we should set up a bowling alley."

When iQuantic moved into the building last summer, the rent was about 40% less than a downtown location would have been, although that gap is narrowing. And while the office is pretty much what you'd expect of a funky San Francisco "south of Market" loft space, Edwards did barter his way into creating a spiffily furnished conference room. One of iQuantic's clients manufactures high-end wooden furniture, and Edwards traded his consulting services for a roomful of custom furnishings, including a 16-foot conference table. "Everywhere else we're working on Office Depot tables," he says.

When Edwards started iQuantic, in 1993, he saw an opportunity to give his industry a wake-up call. Hey, guys, lighten up and get with the times. He wanted to offer the fast-track Silicon Valley start-ups that are his primary focus a culturally progressive alternative to the old-line Bay-area human-resources consulting firms. "We felt it was time for a new generation to enter the competitive space," he says. To Edwards his offbeat building represents the raw, edgy flavor he hopes to bring to his industry.

And so far Edwards feels he's succeeding. iQuantic is a young company, with most employees in their twenties and thirties. "I'm the old fart at 46," he says, laughing. "Culturally, we're pretty close to Silicon Valley. We have the young, hip crowd, the pool table, the receptionist with the pierced eyebrow." But it's not just his clients he's trying to please with a progressive culture. He knows his employees can pretty much pick and choose where they want to work. "We're hiring top-tier folks out of top-tier schools," he says. "They know they can work virtually anywhere. So we're trying to create a culture that's attractive to a pretty eclectic workforce. We have a broad range of races, family backgrounds, and sexual orientations. We're San Francisco through and through."

Creating a workplace haven

When Mary Pat Link, CEO of Interlink Group (#41), an information-technology consultancy based in Denver, looked for a home base for her company, in 1992, she wanted a location that said something about what her company was. She selected the old Pierce-Haley mansion, an architectural holdover from the era when monied families and their estates lined Denver's Grant Street. Link put desks and partitions into every possible space, including the carriage house, and uses the house's sweeping veranda for company meetings and parties when the weather permits. Since the mansion is listed on the National Register of Historic Places, Link is limited as to what she can renovate. She can't, for instance, knock down any walls or install an elevator.

Link thinks of her office/mansion as an oasis, both for clients and employees. "Customers come to us to talk about business problems," she says. "We like to think we give them a more comfortable atmosphere. Plus it helps to give the sense that we're a high-quality company and that we're going to be around for a while." But for Link, probably the most important reason to have an attractive workplace is her employees. "We wanted to give these top-notch technology people—who spend so much of their time out at client sites—a place they can call home," she says. "And it's nice to have a home base that's homelike." ■

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OAKLAND: *Frank Tucker and company*

Insider training

Frank Tucker saw all the raw talent he'd need 'on the street corner' every morning. Now they're on his payroll **BY CHRISTOPHER CAGGIANO**

EW AREA CODES ARE CROPPING UP faster than kudzu these days. And nobody is happier about that than Frank Tucker. Tucker is CEO of Oakland-based Tucker Technology (#4), which provides telecommunications installation and maintenance to large companies. The business, national in scope, is growing as fast as those new area codes, spurred by the proliferation of fax machines, cellular phones, and Internet hookups. "Just think about how that infrastructure has to expand to accommodate all those new numbers," says Tucker. "It's quite an opportunity."

Of course, with that opportunity comes the classic '90s challenge of finding enough of the right people to fill the spots in a fast-growing company. To ride the infrastructure wave, Tucker says, he needs "the bodies to make the money."

One secret to Tucker's ability to find the bodies is linking up with community-based organizations throughout the country. He estimates that 15% of his employees have come from such groups, which often provide skills training. He came upon the idea in 1995, when he was driving to work through some of the most economically challenged parts of Oakland. "I'd see all the human resources on the street corner," he says. "Clearly, they had no jobs to go to." And since much of the service his company provides is basic and entry-level—albeit labor-intensive—Tucker decided those "human resources" might be a terrific source of raw talent.

To draw a picture of the sort of work—and workers—involved in those entry-level jobs, Tucker describes a recent cable installation in Kansas City, Mo. For that job he hired "some real roughnecks, a few steps away from homelessness." The work was in an extremely harsh environment, pulling fiber-optic cables covered with grease through a building's walls. "You can teach almost anyone how to pull the cable and then teach the smart ones how to splice it," he says. "And then they have a marketable skill set." According to Tucker, who pays an average hourly rate of $23, his installation jobs allow workers to build solid lives for themselves beyond merely subsisting. "These are craft people," he says. "Someone here can create a career, buy a home, take vacations. It's not just flipping burgers."

Tucker's foray into linking up with community-based organizations started in 1995, when he scored some cable installers from the Long Beach Training Center, outside Los Angeles. The group, funded by the Private Industry Council of Los Angeles, subsidized 50% of the workers' pay during a 90-day training period. That successful union was only the beginning for Tucker. Today he sits on several community boards, which gives him a chance to voice the needs of both his company and his industry. It also makes his name known when it comes time to place those newly trained workers in jobs.

One of the boards Tucker serves on is that of Capital Commitment, an organization in Washington, D.C., that trains the unemployed in telecommunications installation, and from which he regularly hires workers for jobs in the D.C. area. Tucker also serves as a member of a focus group for the Communications Workers of America—which, among other things, is involved in converting the skills of downsized military personnel to focus on civilian technology. Closer to home Tucker has become involved with the Women's Economic Agenda Project, in Oakland, sitting on its technology advisory board.

To Tucker the advantages of his board sitting are manifold. To begin with, he gets workers who are trained before they start their jobs, and at someone else's expense. Plus, in serving on those boards, he can rub elbows with the leaders of other major corporations in his industry, many of whom just might have a need for his services. In addition Tucker reports that the people he hires through community programs tend to stay much longer than those he hires "off the street." (The three-month attrition rate for training-program graduates is less than 2%, compared with a 40% rate for other hires.) "If they can make it every day to go through that training, you know they've been socialized," he says.

Of course, even the workers who make it through the training process may bring with them a variety of personal issues, from substance abuse to criminal records. Tucker, a former social worker, says he intentionally steers clear of getting involved in employees' personal lives. "It's the only way I can manage the company," he says. "I know some people come with problems. But I'm not doing social work anymore. Otherwise I'd end up worrying about someone's child. I provide the jobs. If they can pass my drug-screening test and they have the skills and the work ethic, anything else is really none of my business."

Tucker says that employees who come to him through community-based training programs exhibit no more long-term allegiance to Tucker Technology than any other employee does. "I don't think they're any more loyal to me because I gave them a break," he says. "The ones that have developed themselves, once they realize they have marketable skills, will jump ship and go to my competitors as quickly as anyone else. In the same way, if I can steal people from competitors, I do." ■

Inc. ONLINE

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NEWARK, N.J.: *'We were here when no one wanted to be,' says Louis Dell'Ermo.*

The old neighborhood

No one knows Newark like Gateway Security's Louis Dell'Ermo. As it turns out, that's become a powerful selling point BY EMILY BARKER

AR-THEFT CAPITAL OF THE NATION IN the late 1980s. Ground zero for urban riots in the 1960s. Ranked most dangerous city in the country by *Money* magazine in 1996. Many businesses would do anything to avoid being identified with the city of Newark, which has been branded by its critics as a byword for crime, poverty, and hopelessness. But for Gateway Security (#66) founder and CEO Louis Dell'Ermo, a lifelong city resident, his Newark roots and connections were crucial in building a brand identity for his security company. "We were here when no one wanted to be," he says.

In fact, Dell'Ermo got into the security business precisely because his first customer wanted local talent. In 1979, when Dell'Ermo was a cop—he's a 23-year veteran of the Newark police force—Prudential approached him about handling security for the Gateway Center, a 2.2-million-square-foot office-and-hotel complex in downtown Newark, then the premier office space in the city. "They felt that the people that had to do security in an area like Newark had to know the demographics and respond to the site-specific needs," recalls Dell'Ermo. What drew Prudential's attention to him, he says, was his involvement in civic groups like the Police Athletic League (PAL) and the Boys Club, which gave him a high profile in the community.

Dell'Ermo tapped into his police department and city connections to recruit his first employees: retired or off-duty police officers and firefighters, and teachers. "That gave us some credibility," he says. Other employees came from the PAL football team that he'd coached. Eventually, he also began hiring graduates of local security-training programs. "When you hire people, you try to hire people from the community," he says. "They can tell *by the noise of the traffic* what's happening. They know what to expect." Being truly familiar with the turf is more than knowing which neighborhoods are safe and which aren't, he adds. Just as important is understanding the city's pressure points: knowing the roads that close if there's an emergency at the airport, for instance, or the police and fire units that work in a given area.

That experience also means knowing when to come on strong—or soft. One early customer wanted to use dogs to protect his downtown Newark facility, until Dell'Ermo convinced him that not only was it unnecessary, but it would be a bad PR move also: the memory of cops using dogs against minorities in the 1967 urban riots was still too fresh. Dell'Ermo generally sends out unarmed guards in blazers. "It's a soft look," he says. "Not police-state."

In the early years, Gateway's Newark identity gave it a natural edge against its competition, which tended to be national companies. In recent years more local competitors have appeared. But, says Dennis Frost of Cogswell Realty Group, Gateway still stands out for its strong Newark connections, whether it's being able to consult Gateway's off-duty cops about city regulations, for instance, or tapping into Dell'Ermo's own Newark network. "He could introduce me to a city councilman, or any person in the system that I have a question for," says Frost. "It boils down to a more nebulous thing, like being part of the neighborhood. That's what Gateway does for me; it makes me part of the neighborhood." ■

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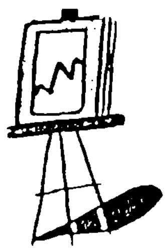
THE INNER CITY 100 ALMANAC

THE COMPANIES

At a glance



Average five-year growth rate: **701%**

Average five-year compound annual growth rate: **44%**

Average 1997 sales: **$13,868,970**

Median 1997 sales: **$6,080,567**

Collective 1997 sales: **$1,386,897,014**

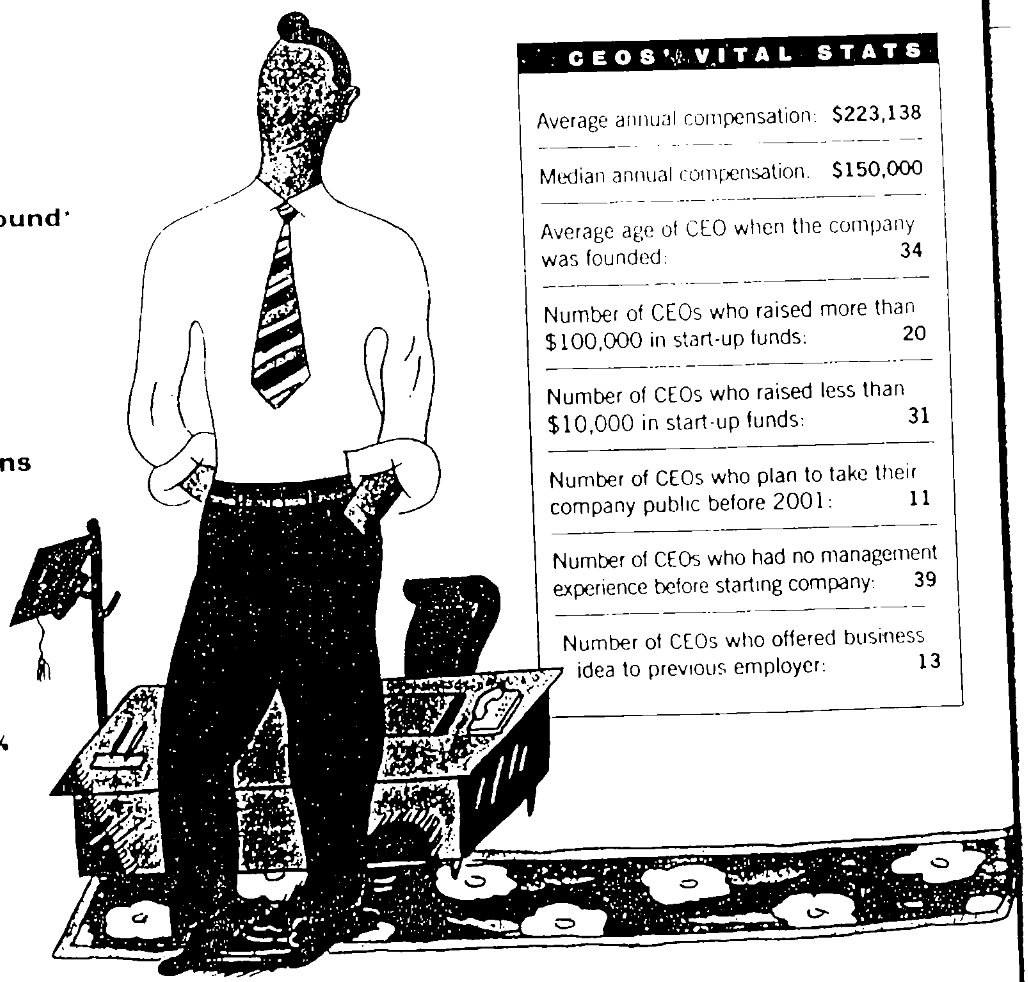
Average number of employees: **102**

Median number of employees: **52**

Collective number of full-time jobs in 1997: **10,485**

Collective number of new full-time jobs created in the past five years: **4,695**

Number of companies with more than $30 million in revenues: **13**



THE CEOS

Educational background*

High school: **18%**
Two-year college: **15%**
Four-year college: **42%**
M.B.A.: **17%**
Other advanced degree: **7%**

Economic origins

Affluent: **9%**
Middle class: **55%**
Working class: **29%**
Poor: **7%**

Ethnicity*

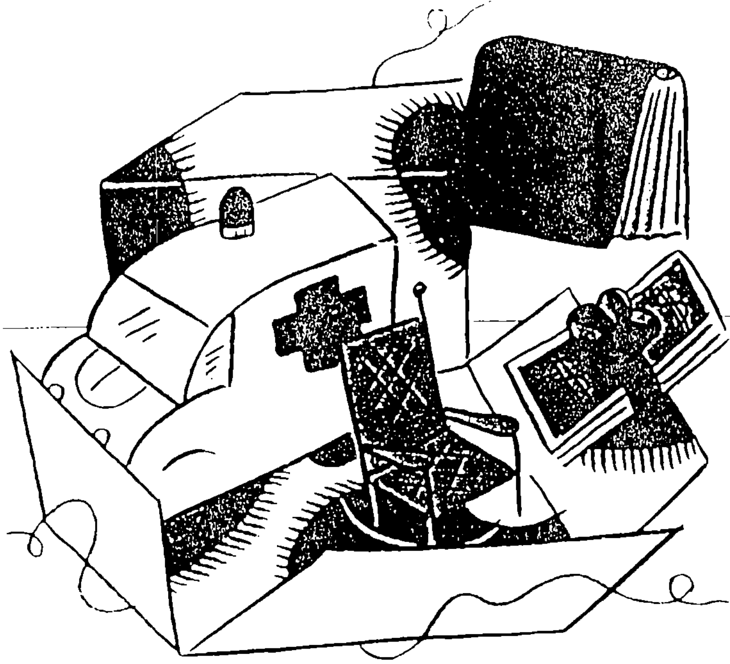
Caucasian: **71%**
Black/African American: **10%**
Hispanic: **7%**
Asian/Pacific Islander: **7%**
Other: **4%**

CEOS' VITAL STATS

Average annual compensation:	$223,138
Median annual compensation:	$150,000
Average age of CEO when the company was founded:	34
Number of CEOs who raised more than $100,000 in start-up funds:	20
Number of CEOs who raised less than $10,000 in start-up funds:	31
Number of CEOs who plan to take their company public before 2001:	11
Number of CEOs who had no management experience before starting company:	39
Number of CEOs who offered business idea to previous employer:	13

*Note: Numbers do not add up to 100% because of rounding.

ILLUSTRATIONS MARC ROSENTHAL



THE OPPORTUNITIES

Inner City 100 by industry

Business products or services: **24%**

Construction products or services: **20%**

Consumer goods: **18%**

High-tech products or services: **12%**

Real estate: **6%**

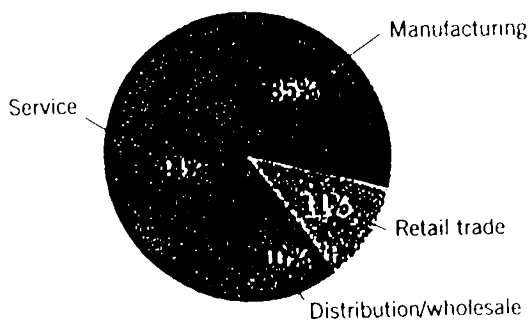
Accommodations or food: **4%**

Professional or scientific services: **4%**

Transportation: **4%**

Other: **8%**

Inner City 100 by sector



THE WORKERS

Benefits, etc.

Percentage of companies offering

- Health insurance: **97%**
- Bonus plan: **66%**
- Retirement plan: **65%**
- Tuition reimbursement: **44%**
- Disability insurance: **39%**
- Profit sharing: **35%**
- Flextime: **30%**

Percentage of companies practicing open-book management: **51%**

Pay

Average hourly wage of rank-and-file employees: **$11.61**

PROS AND CONS OF INNER CITIES

The top competitive advantages
(as cited most frequently by CEOs)

1. Proximity to customers
2. Low real estate costs
3. Available labor

The top competitive disadvantages
(as cited most frequently by CEOs)

1. Perception of crime
2. Negative perception of inner city
3. Lack of space to expand

Local area network

Having chosen to build her business far from the high-tech community, Carol Latham proved she could master the one resource that mattered most: other people BY MIKE HOFMAN

OTENTIAL INVESTORS HAD NO SHORTAGE of reasons for turning Carol Latham down. At 50, she had never run a business, never worked in manufacturing, and never sold a dollar's worth of product. And if those factors weren't off-putting enough—and they usually were—the location of her high-tech start-up sealed the deal: Thermagon Inc. (#6) was based in Cleveland.

"I'd talk to venture people in California, and they'd say, 'You're too far away. We'd at least like to watch over our investment,'" Latham says, recalling her two-year struggle to raise less than $1 million, which ended in 1992. But in a classic catch-22, local investors were skittish about backing Latham, because they didn't understand her invention, a filmy material, sold in sheets, that is used to keep microprocessors from overheating. It was hardly the kind of product that rolled out of local factories. Hers was an information-age innovation, but Cleveland, she notes, "is a nuts-and-bolts manufacturing town."

To raise money, it might very well have made sense for Latham to head for Silicon Valley. But "I felt I had the best shot at launching the company in Cleveland," she explains. "I had friends and I knew people. I could survive here."

Latham couldn't have anticipated Thermagon's growth rate—from 1993 to 1997, revenues exploded by 2,662%, with the company grossing $8 million last year. Still, her instinct about what would fuel its growth was right on target. Suburban office-park entrepreneurs may have access, if not physical proximity, to a support system for start-ups. But often urban pioneers like Latham end up piecing together their own ad hoc infrastructures, cultivating contacts to build as sophisticated a network as any already in place.

A trained chemist, Latham took a scientific approach to the task. Rather than popping in at every chamber-of-commerce function in hopes of bumping shoulders with someone who might be remotely interested, Latham worked hard to identify those she could trust, building her network one person at a time. Once she was rejected by formal lenders, Latham started pitching the business plan to friends, relatives, and neighbors. She came up with—and refused to stray from—three criteria for her ideal angels. First, she wanted investors who would not seek controlling equity. Second, she wanted professionals who could add value beyond their checkbooks. Third, she targeted people who knew her socially, because she figured they'd weigh her personal integrity in deciding to invest. "It was hard for me to do," Latham says. "It's really not my style to talk to my friends about investing in something that's 100% risk. The last thing you want to do is ruin a friendship."

In addition to soliciting money from friends, she also asked them for the names of other potential angels. She soon had five investors lined up, each

CLEVELAND: *Carol Latham stayed where she felt she 'had the best shot.'*

contributing $10,000 to $30,000. None knew anything about technology. But her angels found another reason to invest: namely, Latham. "I brought in other investors because I had faith and trust in her integrity," says Del Ingram, a retired Cleveland entrepreneur who put in $30,000. "After three companies, I've found that that's what business is all about." Accountant Dick Lancaster, a sometimes tennis partner of Latham's, put in $10,000. "She was a friend, and she needed help," he says.

Until this year Lancaster also prepared all of Thermagon's financial reports and taxes. "I got her records up to snuff," he recalls. "I started doing quarterly reports as it grew, and then monthly." He didn't charge her until around 1993.

Besides investors, Latham needed employees—a daunting challenge, given her practically nonexistent budget for salaries. But with Cleveland in the tight grip of the 1991 recession, Latham, with the help of her growing network, was able to zero in on overqualified candidates who needed jobs. "My investors sent me people who were really looking for honest jobs," she says. She even recruited her own daughter-in-law, Susan, a recent college graduate who was waitressing part-time at a Red Lobster.

"Carol wasn't paying anybody, but if she had a paying job for me later on, the arrangement would work out for both of us," says Susan, who was living off her tips at the time. Eventually, Carol paid Susan to be her assistant, and the two bombarded prospective customers with unsolicited customized product samples. (Silicon Graphics and Schlumberger Ltd. became the first two big customers to place orders, in 1992.) After Susan gave birth to Latham's first grandchild, in 1993, she still managed the company's payroll from home. Then, in a feat of intrafamilial networking, she helped recruit her husband, Jim, Carol's eldest son. "Susan kept telling Jim, 'Maybe your mother has something here,'" Latham recalls. "He was looking, and I was desperate but very resource limited. He decided to leave his job and join up." Jim now serves as Thermagon's operations chief, while his brother, Craig, is administrative manager, overseeing information systems and purchasing.

Over time Latham conditioned Thermagon's investors and employees to look for others who could help the business grow. When Jim came aboard, for example, he recruited Misteiena Quinones, the wife of a former coworker. Quinones, 25, then recruited other employees for the manufacturing line, including seven members of her extended family. The networking gained its own—sometimes almost inexplicable—momentum. One early employee introduced Latham to a Seattle-based investor, who in turn arranged for her to meet with Paul Schlather, a Cleveland-based partner of Arthur Andersen LLP. Early in 1996, Schlather began working with Thermagon on a pro bono basis. "You have to work with these companies at the beginning. Otherwise you're not going to be there when they grow," he explains. "We try to discern who's for real and who isn't. She struck me as somebody who was a real tenacious fighter—a tiger."

Schlather's counsel came at a crucial juncture for the company, which had posted sales of $600,000 in 1995. Latham was mulling a $2-million buyout offer. "I flew with her to the meeting, but I didn't charge her anything for my time," Schlather says. "I told him [the potential buyer] that she wanted a five-year earn-out worth about $60 million. He respectfully declined. But to this date, Thermagon has been right on the numbers we plotted out for that deal."

Since then Schlather has joined Latham's advisory board and helped her with such issues as estate planning and potential acquisitions. Though he now bills her, he sometimes gives Latham a discount on such big-ticket projects as buying a new building.

Of course, Schlather is figuring that Latham's business will yield a lucrative return for his consulting practice in the years ahead. So what if Thermagon is still situated closer to strip clubs than it is to the clubby environs of Walnut Creek or Palo Alto? "When Thermagon is a very big company, I'll be glad we were there early on," he says. His sentiments would undoubtedly be echoed by other members of Latham's ever-expanding network. "My friends are always pushing and promoting and putting in a good word for Thermagon," Latham says. "Sometimes I don't even know what they're doing behind the scenes." ■

Inc. ONLINE

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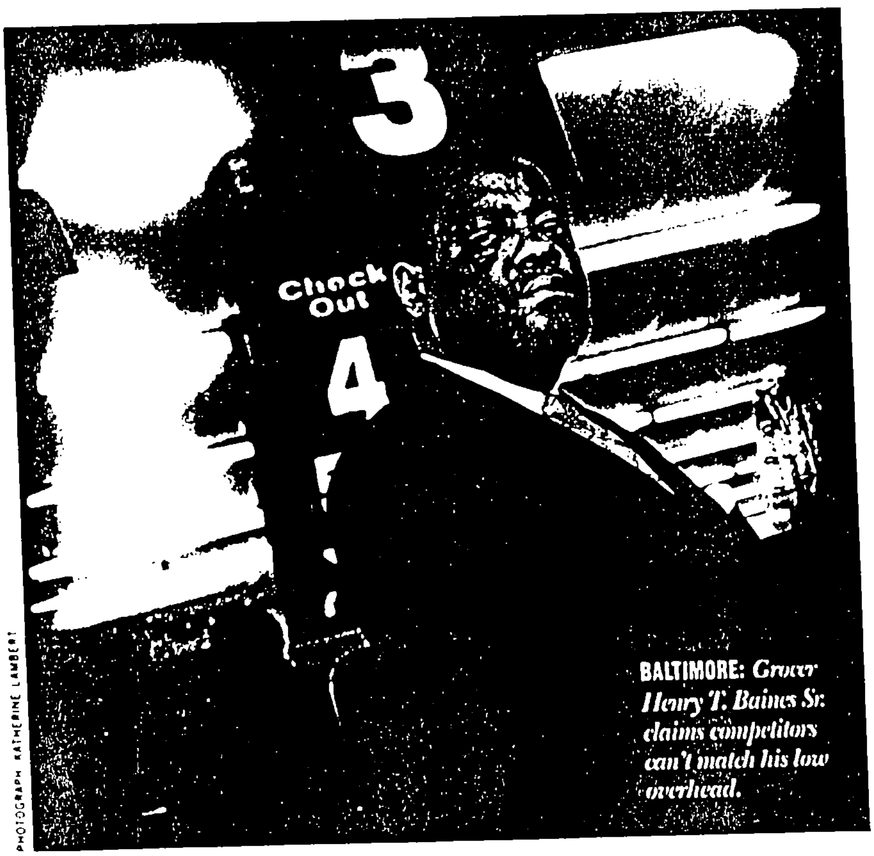
Competing interests

Why inner-city growth companies don't fear the influx of new rivals BY JOSHUA MACHT

ONTRACTOR KRISH NARAINE KNEW exactly where to turn a few years ago when Home Depot shot down his request for a boost to his $750 credit line. He went to Star Hardware (#88), eight miles north on route 91, in north Hartford. Store owner Max Kothari didn't so much as glance at Naraine's driver's license before ultimately floating him $30,000 in credit for supplies. "I give credit based on character and reputation," says Kothari, 35. "I've been in the neighborhood long enough to know who will pay it back and who won't."

It's by making use of that kind of intimate customer knowledge that Kothari expects to fend off the large rivals that recently have surrounded his 12,000-square-foot store. In 1996 Home Depot (whose 1998 sales totaled $30.2 billion) opened a West Hartford store within five miles of Star Hardware. Lowe's Companies Inc. also opened a store nearby and is building another one just outside the city. That's a big change from just a few years ago, when there were no city superstores for Kothari to worry about.

Kothari's not the only inner-city entrepreneur to witness a precipitous change in the competitive climate. Until recently, massive chains had been only too happy to yield distressed urban areas to local retailers. But as the suburbs became tightly packed with superstores, big players began to sniff out new customers. They've been lured to the inner city, where dropping crime rates and beefed-up tax incentives have helped spark a commercial renaissance.



BALTIMORE: *Grocer Henry T. Baines Sr. claims competitors can't match his low overhead.*

PHOTOGRAPH KATHERINE LAMBERT

Be that as it may, Star Hardware's growth—revenues have risen 30% annually for the past three years—is just one sign that inner-city pioneers aren't likely to crumble upon feeling the first vibrations of their giant foes' footsteps. Inner-city retailers, after all, have never had it easy. "In the city—especially in the tougher areas—you have fewer dollars to chase, and then you combine that with the fact that the perception of crime often makes it harder to get people from other areas to come to our neighborhood," observes Kothari. "You've got to have street smarts to get by."

Now, as large rivals invade their turf, inner-city retailers are finding that the coping strategies they've developed along the way may be their most effective competitive weapons.

1. Embrace customers tightly.

For an entrepreneur under siege, Kothari remains remarkably optimistic. "Sure, I can never be as big as Home Depot," he says, "but they can never do what we do for our customers, because they don't have the same information we have." So far, at least, his numbers prove the point. What was a run-down, $600,000 operation in 1989 is now a $3-million store with 24 employees.

Kothari attributes the growth spurt to his sensitivity to customers' needs. At his customers' request, he usually carries rare items, such as faucet stems and odd window sizes that fit the old houses in his north Hartford neighborhood. And to stay plugged into the local building community, Kothari plays an active role in business groups such as the South Arsenal Neighborhood Development Corp. He's also received a steady flow of business from the Housing Authority of the City of Hartford, which looks favorably upon his efforts to hire

'Especially in the tougher areas, you have fewer dollars to chase,' says a store owner. 'You've got to have street smarts to get by.'

employees from the surrounding area.

Kothari also serves as president of the Hartford Enterprise Zone Business Association, a neighborhood group. In that role, he is often among the first to welcome new businesses to the city. That has helped introduce the newcomers to Star Crafters, the contracting service he began in 1998 in response to customers' requests for kitchen and carpet installations and window repairs. Today, Kothari's contracting arm—which operates as a separate business—contributes $500,000 a year to his coffers.

And now, with the New England Patriots soon to build a 68,000-seat football stadium only blocks away from his store, Kothari expects an accompanying building boom. In preparation he's built up inventory in just the areas where customers have assured him that Home Depot and Lowe's are weakest. He has added 6,000 square feet to make room for a larger selection of carpets, as well as for an on-site, custom-made-countertop service. And he will soon rent large tools. "If we can stay at the cutting edge," says Kothari, "then we'll keep an advantage."

2. Grow in unexpected directions.

In 1988 Rod Anderson bought the B&C Corp., owner of the Hereford House restaurant (#70), out of foreclosure for $565,000. At the time, few could see the value of buying a dying steak house smack in the middle of a declining neighborhood in Kansas City, Mo.

But as Anderson couldn't help noticing, Hereford is only a $2.50 cab ride from the city's largest hotels and best theaters. Not to mention that it stands only a mile or so away from Kemper Arena, home to college basketball's Big Twelve Conference tournament, an event attended by thousands of ravenous fans each March. "To stay ahead of the curve you have to make choices that others wouldn't necessarily make," says Anderson.

You also need to make those choices work, he might have added. To attract patrons to this "very scary" part of town, Anderson cozied up to concierges at downtown hotels, coaxing them to stop by Hereford by handing out gift certificates. And to ensure that cabbies would steer newcomers his way, early on Anderson issued gift certificates to them too, and occasionally threw "cabbie soirees" with free finger food.

The grassroots effort has paid off. The restaurant typically brings in about $100,000 each week and grosses nearly $6 million a year.

Today Anderson's neighborhood is blossoming into a vogue destination. To draw business back downtown, Kansas City began offering tax incentives, in 1996, to those willing to enter certain areas of the inner city. Last October Lidia's, owned by a New York–based restaurateur, opened its doors just a few blocks away. In addition, Morton's of Chicago steak house will make its Kansas City debut this fall, potentially drawing away diners. "When we started out, our edge was that we were the only ones here," laments Anderson.

In response to the influx, he is back to pursuing locations and niches that he perceives as undervalued. In March 1997 he opened his second Hereford location in Leawood, Kans., for example, a newly discovered suburb just outside of the city. That restaurant has served up an additional $5 million in revenues. Come November Anderson will spice up his strategy by opening a seafood restaurant in a renovated train station in downtown Kansas City. "It's a move," he concedes, "that puts us in competition with ourselves."

3. Shield profits by crushing costs.

Henry T. Baines Sr., owner of Stop Shop Save Food Markets (#89), a 10-store grocery chain in Baltimore, admits that the massive downtown Safeway will always match his price for a head of lettuce or a can of soup. But even Safeway—or any of the other four chains that have recently re-entered the city—would be envious of what Baines pays for security or for freezer repairs. "I'm sure that many of these new competitors saw our success and figured they could do the same," says Baines. "But they don't have the low overhead we have."

Baines is referring to his practice of starting up new companies to supply certain services at fixed rates. By managing his overhead in that manner, he has been able to eke out a small profit even under trying circumstances. "Though others have gone out of business because of competition, crime, and the shrinking inner-city population, we've been able to survive," he says.

Baines conceived of his first spin-off in 1990, when his frustration with security costs—which had already risen to more than **$1** million a year, and which were growing by more than 20% annually—led him to start Central Security Investigations Agency (CSIA) with two friends. Today, Stop Shop Save pays the same amount for a guard that it paid nine years ago. And, over the past nine years, CSIA has attracted other customers, growing [illegible] company with annual revenues of $1.3 million.

Baines has scouted out similar opportunities in other aspects of the business. In 1991 he spent nearly $40,000 to launch Bay State Mechanical, a heating, ventilation, and air-conditioning repair service. That's now a $821,000 company. Then there's Innovations Advertising and Public Relations, which Baines started in 1992 with Patrice Wallace, a former advertising executive. At the time, he was looking to slash the cost of mailing a circular to 210,000 area residents. Innovations, co-owned by Baines and Wallace, now bills $1.3 million a year.

But so fierce a cost cutter is Baines that Stop Shop Save is no longer the ad agency's primary customer. In 1996, when a local printer offered him a better deal, he pulled the account from Innovations, leaving a $700,000 hole. As president of the company, Wallace took it upon herself to attract new customers. Given how competitive his neighborhood is becoming, Baines felt he had no choice. "I'm not here to give handouts," he says. "I'm always looking for the lowest price I can find." ■

Rebuilding blocks

Tom Wilson knew he couldn't afford to keep his company where it was. So he made it his business to rework the neighborhood he moved to **BY DONNA FENN**

T WAS, QUITE SIMPLY, DESPERATION that first sent Tom Wilson to "the other side of the tracks" in search of cheap office space for his company, Architectural Design Group (#68). He had moved the firm into Oklahoma City from its suburbs in 1980 to take advantage of a downtown building boom. But by the time the boom had gone completely bust, in 1987, business at his firm had slowed, and Wilson found himself stretched. "We were literally looking for a low-cost home and hoping we could make it through the next year," he recalls. He found that home in the Bricktown neighborhood, then a largely uninhabited warehouse district of Oklahoma City, where the local detox served as the center of activity. Just over 10 years later, Bricktown has undergone a radical transformation. So has Wilson's company.

Serendipity played a large part in ADG's success, but credit Wilson with perceiving his inner-city home as an opportunity rather than a mere way station on the road back to economic prosperity. Shortly after he settled in on the ground floor of a partially renovated warehouse, a restaurant named Spaghetti Warehouse moved in next door, attracting weekend and evening patrons who were not scared off by the down-market location. People began to see that the area had potential. So did Wilson. He started working with the owner of his building to renovate neighboring warehouses for commercial tenants, always taking care to maintain the architectural and historical integrity of the buildings. "We had done some restoration work before that, but not a lot," says Wilson. He soon found himself doing more, including a major cathedral restoration for the Central Oklahoma Archdiocese. ADG earned a reputation as an inner-city firm with respect for the historical significance of urban architecture. "We had an appreciation for the history of the buildings, and people recognized that," says Wilson. Meanwhile, Bricktown was slowly shedding its lowly image, as more restaurants and service firms moved in, giving the neighborhood a new reputation: hip, edgy, nontraditional; a downtown alternative with buzz. And Wilson realized that ADG was not so much an architectural firm that happened to be situated in Bricktown as it was a *Bricktown* architectural firm—a company defined and differentiated by its location.

That distinction paid off handsomely in 1994, when the City of Oklahoma put out a request for bids on the design and construction of a new minor-league baseball field in—you guessed it—Bricktown. Though Wilson bid against several other local and national firms—half of them larger than ADG—he thinks that "the fact that we were located here had a significant impact on our being selected. There was also a general attitude from people in Bricktown and


OKLAHOMA CITY: We appreciated the history of the buildings, says Wilson.

PHOTOGRAPHS JEFF SCHOTING

the city council that we respect Bricktown's history." He landed the $30-million contract—at that point, the largest to date in the firm's history—and negotiated it the week after the 1995 bombing of the Oklahoma City federal building. After a series of budget difficulties, the field was completed and met with rave reviews. "It got us a lot of exposure," says Wilson. Meanwhile, in the fall of 1997, newly elected Oklahoma City mayor Kirk Humphreys had asked Wilson to serve on his Mayor's Task Force for Neighborhood Revitalization, a group charged with examining ways to encourage development in the inner city.

THE NEIGHBORHOOD: *Hip, edgy, nontraditional; a downtown alternative with buzz*

Since Wilson moved ADG to the Bricktown neighborhood, the company's revenues have grown from $200,000 to more than $3 million, and the number of employees has risen from 3 to 33—a reflection partly of a rebounded local economy, but also of Wilson's ability to recognize a diamond in the rough. These days Bricktown is looking less and less desolate. Wilson's neighbors now include law offices, accounting firms, a marketing company, nine restaurants, and a blues club. The construction of a canal, to be flanked by private development projects, began last year and is scheduled to be completed by this summer. "There's tremendous energy," says Wilson. "Every single client who walks through our door says, 'I never thought there was anything like this down here.'" It's still on the wrong side of the tracks. But it's just right for Wilson. ■

Donna Fenn (mcfenn@aol.com) is a contributing editor at Inc.

User's guides

For the owners of NuStyle Development, helping the competition makes perfect sense

Todd Heistand and Tammy Barrett, owners of NuStyle Development Corp. (# 11), believe that what goes around comes around. That's why these Omaha siblings are eager to share the wealth of knowledge they've accumulated in their 10 years as for-profit, inner city low-income-housing developers. "We want to help competitors come in," says Heistand. "The more people who put money into downtown, the more viable it will be. There's more work here than we could ever do." The pair started out in 1988 buying dilapidated single-family homes, which they then renovated and sold. They quickly moved on to acquiring apartment buildings, and developed an expertise in using low-income-housing and historical tax credits to help finance their projects. It's a process that confounds many developers, both public and private, but Heistand and Barrett believe that if they can help others navigate the quagmire of government financing, they'll help spur inner-city development, thereby adding value to their own properties.

Last year NuStyle helped a minority contractor land a Community Development Block Grant, and Barrett worked with a nonprofit group to nail down the low-income-housing tax credits to which it was entitled. "We even did some construction work for them at cost," says Heistand. NuStyle is also willing to lend a hand to its for-profit competitors. "We give them the names of construction companies or of subcontractors who are good to work with," says Heistand. "Last year a group came in from New Orleans and wanted to do low-income apartments here. We gave them a tour of our buildings, shared our numbers, and told them what the costs were." As it turned out, the company opted out of the project but ended up selling the building it owned in Omaha to NuStyle at an attractive price. "If you can help people out," says Heistand, "it comes back around to you."

STAGECOACH CARTAGE & DISTRIBUTION, INC.

STAGECOACH
CARTAGE & DISTRIBUTION, INC.

Stagecoach Cartage & Distributions, Inc.

The company's name and logo depicting a rugged, hard driving stagecoach in action were well-chosen. Recognizing El Paso's old west history and border location, the family-owned business has been on the fast track since it first got rolling over twelve years ago. Stagecoach Cartage & Distribution, Inc. was founded in 1986 by John R. McLaughlin, a former career Army paratrooper who spent 28 years in the airborne infantry, retiring in 1978 as a Special Forces command sergeant major. Not content to settle down to a life of retirement, McLaughlin began work in the private sector. During that time, he saw a need for an integrated transportation company that focused on the needs of the customer.

Today, the transportation, distribution and warehousing company headquartered in El Paso has operations in nine cities throughout Texas and New Mexico. John McLaughlin serves as chief executive officer of the company he has guided to phenomenal growth. In twelve years, Stagecoach Cartage & Distribution has grown to a fleet of 142 vehicles and 150 trailers, from six employees to 245 with an annual payroll of over $6 million and sales exceeding $18 million. McLaughlin's son Scott, who joined the company in 1988, is president and son Dieter recently came on board as operations manager. Controller Don Anderson, with the company for ten years, is vice president.

Stagecoach Cartage & Distribution
7180 Merchant Ave. -- El Paso, TX 79915
Telephone: (915) 779-8315 -- Fax: (915)779-8890

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Home: Inner City 100 Go

#54: Stagecoach Cartage & Distribution

Company:
Keyword:
Location:
Search

El Paso, TX

Sector: Transportation

Provides regional trucking & warehousing svcs.

1997 Revenues	$12,494,557
1997 Employees	220
Sales Growth (1993 - 1997)	158%
Compound Annual Growth (1993 - 1997)	27%

www.stagecoachcartage.com

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PRO-*Net*: Firm Profile

Identification Data

This profile was last updated:	(unknown)
Name of Firm:	DIAZ WHOLESALE & MANUFACTURING CO INC
Main office or branch office?:	Main
Street address:	5500 BUCKNELL DR SW
Street address, line 2:	
City:	ATLANTA
State:	GA
Zip:	30336-2508
Phone Number:	404-344-5421
Fax Number:	
E-mail Address:	
WWW Page:	
Contact Person:	LEWIS CARLYN
Contact Title:	
County Code (3 digit):	121
Congressional District:	05
Metropolitan Statistical Area:	0520
DUNS Number:	043961754
CAGE Code:	
Year Established:	1980
Average Number of Employees:	0050
Average Annual Gross Revenue:	$14,000,000
Accepts Government Credit Card?:	[ ] Yes [X] No

Organizational/Ownership Data

Legal Structure:	Corporation
US Citizen?:	[X] Yes [ ] No
Minority Code:	Hispanic American
Women Owned?:	[X] Yes [ ] No
Veteran?:	[ ] Yes [X] No
Disabled Veteran?:	[ ] Yes [X] No
Vietnam Veteran?:	[ ] Yes [X] No

Current Principals: (Name, Title)
LEWIS CARLYN,

8(a) Certification:
SBA 8(a) Case Number:
SBA 8(a) Entrance Date:
SBA 8(a) Exit Date:

Small Disadvantaged Business(?):
SDB Entrance Date:
SDB Exit Date:

Disadvantaged Business Enterprise(?):
DBE Entrance Date:
DBE Exit Date:

HUB Zone Certification(?): [ ] Yes [X] No

Non Federal Government Certifications:

Products & Services Data

Capabilities Narrative:

FOOD PRODUCTS, CLEANING PRODUCTS, DAIRY PRODUCTS, MEATS, DRY GROCERIES, ETHNIC FOOD PRODUCTS, MEXICAN FOOD PRODUCTS, FROZEN FOODS.

Special Equipment/materials:

Construction Bonding Level (per contract)
Construction Bonding Level (aggregate)
Service Bonding Level (per contract)
Service Bonding Level (aggregate)

Business Type(s):	Manufacturing (100.0 %)
SIC Codes:	5087, 5142, 5143, 5147, 5149
NAICS Codes:	42242, 42243, 42249
FSC Codes:	7390, 7910, 7920, 7930, 8905, 8910, 8940, 8999
PSC Codes:	
Keywords:	
Quality Assurance Standards:	

Miscellaneous Data

Security Clearance Key Personnel?:
Security Clearance Site?:
Electronic Data Interchange capable?: [ ] Yes [X] No
Value added network subscriber name:
Value added network subscriber phone:

Mentor/Protege Data

Interested in participating in a mentor/protege program?:

[ ] Yes [X] No

Performance/History References

Federal Agency or Prime Contractor

Other Major Customer Name

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#95: Spectrum Imaging Systems

El Paso, TX

Sector: Retail Trade

Sells and svcs. office systs.

1997 Revenues	$5,208,776
1997 Employees	39
Sales Growth (1993 - 1997)	82%
Compound Annual Growth (1993 - 1997)	16%

Company:
Keyword:
Location:
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#69: Funk and Company

El Paso, TX

Sector: Construction

Provides mechanical & electrical contracting svcs.

Company:
Keyword:
Location:
Search

1997 Revenues	$20,326,535
1997 Employees	141
Sales Growth (1993 - 1997)	128%
Compound Annual Growth (1993 - 1997)	23%

THE INNER CITY 100

Home: Inner City 100 Go

#42: Tire Group International

Miami, FL

Sector: Wholesale Trade

Wholesales & exports tires & rubber-related prods.

1997 Revenues	$33,316,839
1997 Employees	42
Sales Growth (1993 - 1997)	202%
Compound Annual Growth (1993 - 1997)	32%

www.tiregroup.com

Company:

Keyword:

Location:

Search

PROFILE

Tire Group International, Inc., is dedicated to becoming the "One Stop" distributor in the industry. Amassing inventories in Miami, Florida; Laredo, Texas; Hamburg, Germany and Valencia, Venezuela. We can meet our customers needs quickly and efficiently. Currently, we deal in over 68 countries and are now looking to expand into Asia and Africa giving us a true Global presence.

To further service its customers, TGI has created a division called TGI International. This division will distribute Automotive Parts, Automotive Accessories, Hardware Products and other consumer goods. These products complement our core products and will further fuel the company's sales growth.

In addition, TGI has under development a retail outlet concept. The stores will provide the latest in automotive care.

PRODUCTS & SERVICES

TGI Products:

FIRESTONE

One of the World's best known brands, we carry the entire line for passenger, light truck, truck, agricultural, OTR, and tubes.

MRF

India's largest and most respected manufacturer. Produces the best in quality bias tires for all applications, specializing in medium commercial truck tires. Tires with muscle!

DELTA

One of America's best known private label brands. Produced by one of the largest manufacturers in the world. Delta is a complete line including: passenger, light truck, truck, agricultural, OTR, and more.

ASTRO

TGI's own brand. Now in development, starting with medium commercial truck and agricultural tires. It also includes a complete line of inner tubes and patches.

TGI Services:

Freight Forwarding: We negotiate the best freight on your behalf. You benefit from our volume in shipping.

Documentation: We handle all booking and paperwork. This way we keep control and can expedite quickly and efficiently to our customers.

Brokerage: In-House Custom brokerage expedites clearance of all our products, so we can get them to you quicker.

Consolidation: We can receive and handle most types of products in any of our warehouses and ship your tire order.

TGI HOME | PROFILE | CORPORATE DIRECTORY | REGISTER

Questions, comments, suggestions? Email: tgi@tiregroup.com
Online Production by Guru Communications, Inc.

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e-business tools

IBM.

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#81: A-1 Fire Equipment

Miami, FL

Sector: Professional, Scientific & Technical Services

Provides fire & safety svcs. and prods.

1997 Revenues	$1,563,683
1997 Employees	20
Sales Growth (1993 - 1997)	114%
Compound Annual Growth (1993 - 1997)	21%

Company:

Keyword:

Location:

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#100: Leasa Industries

Miami, FL

Sector: Manufacturing

Produces tofu, fresh vegetables, & oriental specialty prods.

1997 Revenues	$3,466,072
1997 Employees	45
Sales Growth (1993 - 1997)	72%
Compound Annual Growth (1993 - 1997)	15%

www.leasa.com

Company:

Keyword:

Location:

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about leasa
products
promotional program
clients & distribution
cooking trends
retail outlets
recipes
contact us

Healthy eating starts with

LEASA

LEASA's Manufacturing Facility, Miami, Florida

LEASA Industries Co., Inc. was established in 1977 and began as a small family-owned business growing and selling bean sprouts. Since then the company has grown to be one of the largest growers of bean and alfalfa sprouts and one of the largest manufacturers of tofu in the state of Florida. LEASA also processes fresh cut retail items, supplies a wide variety of fresh fruits and vegetables and manufacturers a fine line of nutritious tofu products. Our complete understanding of the best methods to manufacture tofu and grow sprouts has allowed us to dominate the South Florida market in terms of sales and production.

LEASA Industries has even been given several notable awards including the Department of Commerce - National Minority Manufacturer of the Year Award (1997-1998), along with being recognized as one of Florida's fastest growing private company's in 1996 and 1998 by the University of Florida's Center for Entrepreneurship and Innovation.

With more and more families sharing household responsibilities, the demand for convenience products has increased and will continue to do so far into the next

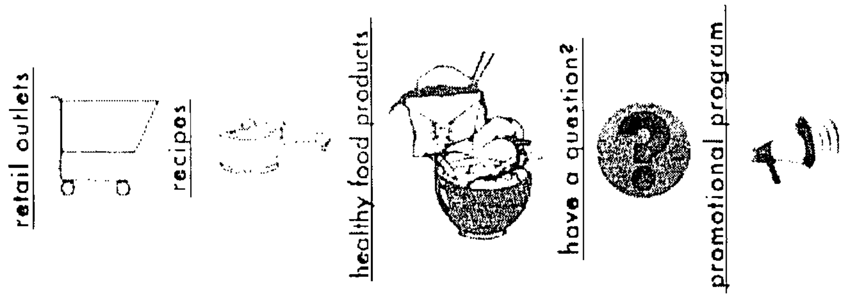
Tel
305.696.0651
305.696.0557
305.696.0454
800.362.7669
Fax
305.696.7669

Company Address:
2450 NW 76 Street
Miami, Florida 33147

Shipping & Pick-up
8:00am - 4:00pm
Monday to Friday
8:00am - 12:30pm
Saturday

Hours of Operation
8:00am - 4:00pm
Monday to Friday
8:00am - 1:00pm
Saturday

millenium. Consumers now seek products that are healthy, fresh, convenient and, of course, inexpensive. LEASA's line of fresh-cut retail products has played an important role in satisfying this consumer demand ever since the company began to produce fresh cut value items more than 20 years ago.



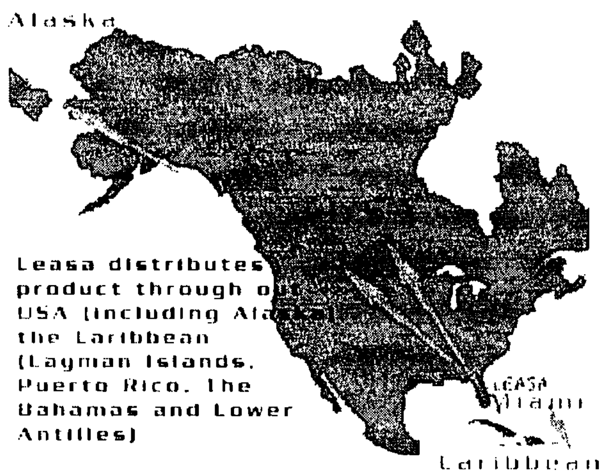
Healthy eating starts with

LEASA

Since 1977, LEASA has been committed to satisfying customers and has a client base that includes a number of large retail chains, wholesalers, foodservice distributors and restaurants. The following is a partial list of our clients:

- Publix Supermarkets
- Winn-Dixie Stores
- IGA Grocery Stores
- Henry Lee Co./Smart & Final Co.
- Flemings Companies, Inc.
- Sysco Foodservice
- P. Tavilla Food Service
- Carnival Fruits Company

LEASA brand products are distributed to locations throughout Florida, the Caribbean, (the Bahamas, the Cayman Islands, Puerto Rico) and even Alaska.



retail outlets

recipes

healthy food products

have a question?

promotional program

THE INNER CITY 100

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#87: Shapco Printing

Minneapolis, MN

Sector: Manufacturing

Provides commercial-printing svcs.

Company:

Keyword:

Location:

Search

1997 Revenues	$15,404,357
1997 Employees	100
Sales Growth (1993 - 1997)	100%
Compound Annual Growth (1993 - 1997)	19%

shapco.com

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Cofounders: Alan, Robert, and Joel Shapiro
Company: **Shapco Printing Inc., #87**
Location: Minneapolis
Business: Does commercial printing

Reasons for locating in the inner city: "When we started out, 23 years ago, we were simply looking for a place that was cheap," says Joel Shapiro. Shapco rented its first site for $150 a month. These days Shapco is five blocks away in a former carpet warehouse, bought for $440,000 and fixed up for another $200,000. Shapco's central location puts it within easy striking distance of its customers, 80% of whom are based in the Twin Cities metropolitan area. "That proximity is especially important for high-end color-printing work, since clients often need to come to the plant for press checks," Joel says.

Key inner-city disadvantage: Because printers at Shapco work overnight, there have been some security problems. "The only issue we have is that transients will break into a car if they see anything left out, so we have security from sundown to sunrise," Joel says. Hiring a guard to watch the parking lot six nights a week costs Shapco $52,000 a year.

Quote: "There isn't a lot of crime around here," says Joel. "The stuff that happens is so petty. But the perception is worse than the reality. We've actually lost some business that way. There are people that have no desire to come down to this area at night, for example." --E.B.

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#15: Impulse Group

Minneapolis, MN

Sector: Construction

Designs, builds, & installs audio & video systs.

1997 Revenues	$3,178,554
1997 Employees	22
Sales Growth (1993 - 1997)	786%
Compound Annual Growth (1993 - 1997)	73%

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Keyword:
Location:
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#60: Best Care

Minneapolis, MN

Sector: Health Care & Social Assistance

Provides home health care svcs.

1997 Revenues	$3,188,067
1997 Employees	115
Sales Growth (1993 - 1997)	149%
Compound Annual Growth (1993 - 1997)	26%

Company:
Keyword:
Location:
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#75: Waterworks

Columbus, OH

Sector: Professional, Scientific & Technical Services

Provides plumbing & drain-cleaning svcs.

1997 Revenues	$4,170,000
1997 Employees	63
Sales Growth (1993 - 1997)	121%
Compound Annual Growth (1993 - 1997)	22%

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Location:
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#32: K.F. Express

Columbus, OH

Sector: Transportation

Transports time-sensitive freight

1997 Revenues	$1,578,944
1997 Employees	25
Sales Growth (1993 - 1997)	313%
Compound Annual Growth (1993 - 1997)	43%

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Keyword:
Location:
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#13: Historic Restoration

New Orleans, LA

Sector: Real Estate, Rental & Leasing

Develops & manages inner-city real estate

1997 Revenues	$55,334,400
1997 Employees	418
Sales Growth (1993 - 1997)	970%
Compound Annual Growth (1993 - 1997)	81%

www.hrihci.com

Company:

Keyword:

Location:

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HISTORIC RESTORATION, INC

A free, fast, easy to use directory of Apartments in and near Downtown New Orleans, with full descriptions and locations.

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HRI Management invites you to browse through our portfolio of New Orleans' finest apartments near the Central Business District, the riverfront, casinos, Bourbon Street, and the energy of an exciting city.

Click on any name below and you will be taken to a web site with detailed information including floor plans for your review.

We also offer furnished corporate suites or temporary housing.

The Bakery Apartments offers a New Orleans location providing an easy walk to riverfront stores, restaurants, casinos, and art galleries.

Eastside School Apartments - Eastside School in Hammond, Louisiana (north of New Orleans) is a unique community designed for those with an artistic bent. Or just bent artists.

Gravier Place Apartments, located in the heart of New Orleans, offers uptown apartments in an historic building.

The Holmes Apartments, located in New Orleans' French Quarter, offers amenities that are among the finest available in the Central Business District.

The Woodward Apartments is located in the midst of New Orleans' arts center, riverfront casinos, the French Quarter, and the Central Business District.

The CottonMill Apartments. The Cotton Mill luxury Apartments offers a historic location in the Warehouse District of New Orleans. During March, April, and May, say you found us on the Internet and receive $100 off your deposit!!!

The CottonMill Condominiums. The Cotton Mill luxury penthouse condominiums offer an historic location in the Warehouse District of New Orleans.

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#63: Diaz Foods

Atlanta, GA

Sector: Wholesale Trade

Mfrs. & distr. Hispanic foods

Company:
Keyword:
Location:
Search

1997 Revenues	$23,524,372
1997 Employees	85
Sales Growth (1993 - 1997)	138%
Compound Annual Growth (1993 - 1997)	24%

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#8: TCG

El Paso, TX

Sector: High Tech (hardware/software)

Sells & svcs. computers & networks

1997 Revenues	$4,064,345
1997 Employees	13
Sales Growth (1993 - 1997)	1,109%
Compound Annual Growth (1993 - 1997)	86%

www.tcg-ep.com

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TCG PROFILE

Excellence is the hallmark of TCG services. The philosophy of the firm is based on a commitment to no-barrier thinking, carried out with the utmost professionalism and integrity. TCG management focuses on a tailored design, attentiveness to job specifications and an emphasis on delivering a quality product on time.

TCG was established in 1986 as a management consulting firm to address the growing need for information and communication services. With the integration of technology into the daily operation of government and business, TCG widened its focus to address that demand. TCG is now a full-service information management and technology company.

TCG has a solid record of success in working with diverse clients. Its ability to address rapidly changing industry needs through a customized, results-oriented approach to problem solving and program development, has earned it a stellar reputation with all of its clients.

CERTIFICATIONS

TCG is a small, minority and woman-owned business enterprise. On that basis, it is certified as a **Small Disadvantaged Business (SDB)** by the **Small Business Administration (SBA).**

The company is also certified as a **Historically Underutilized Business (HUB)** and as a **Qualified Information Systems Vendor (QISV)** by **the State of Texas.**

Additionally, TCG is certified as a **minority vendor** by the **City of El Paso** (based on State qualifications) and the **City of Austin.**

TCG participated in the **Small Business Administration's 8(a) program** from 1989 to 1998. The company sucessfully graduated from this business development program last year.

ACCOMPLISHMENTS

Better Business Bureau:

The Torch Award for Marketplace Ethics in Professional Services

El Paso Greater Chamber of Commerce:

Emerging 30

U.S. Department of Commerce:

Regional Director's Award