

STRATEGY

Inc. 500 Alumni: Where Are They Now? BY KAREN CARNEY

Each year since 1981, *Inc.* magazine has named the fastest-growing small privately held companies in America. When companies first make the *Inc.* 500, they generally aren't household names -- but some go on to become them. Study the research, and you'll learn that *Inc.* 500 companies can and often *do* have a lot of staying power. They may be found in almost every industry of our new economy, particularly those that have blossomed in recent years. One thing's for sure: As new markets continue to emerge, *Inc.* 500 companies emerge with them.

What happens to companies after they make the list? Glad you asked. Click your way through this sampling of 10 well-known alumni of *Inc.*'s lists -- and learn what they're up to now.

- **Microsoft** (1984, #80; 1985, #163)

In 1980, the 75 employees of Microsoft generated nearly \$7 million in annual revenue. Twenty-one years later, Microsoft, based in Redmond, Wash., is one of the world's best-known technology companies. Microsoft is a *Fortune* 500 company with over \$25 billion in annual revenue.

- **Oracle Corp.** (1983, #82; 1984, #61; 1985, #105)

With annual revenues of nearly \$11 billion, Oracle, based in Redwood Shores, Calif., is another of the world's leading software companies. It's hard to believe that in 1980, Oracle's 10 employees posted annual revenue of \$665,000. Oracle trades on Nasdaq under the symbol ORCL.

- **Domino's Pizza** (1983, #457)

Stores in the Domino's Pizza chain, based in Ann Arbor, Mich., generated more than \$3.5 billion in 2000 sales. The company reports nearly 7000 stores in 64 countries. That's up from a total of 200 pizza parlors in 1978.

- **Gateway** (1990, #2; 1991, #1; 1992, #2; 1993, #6)

Personal computer maker Gateway has grown from a two-person start-up in an Iowa farmhouse to a \$9.6 billion *Fortune* 500 company that employs 15,000 people worldwide. Founded in 1985 and now headquartered in San Diego, Gateway went public in December

1993 and trades on the New York Stock Exchange under the symbol GTW. Ted Waitt, one of the founders, is still chairman of the board. He was featured in *Inc.*'s 1991 profile of Gateway.

- **The Sharper Image** (1982, #15; 1983, #76; 1984, #289; 1985, #400)

Founded more than two decades ago, the Sharper Image reported \$435 million in annual revenue for the year 2000. Founder Richard Thalheimer remains chairman and CEO. The company now sells its high-end gadgets through retail stores, catalogs, and the Internet.

- **Paychex** (1982, #8)

In 1970, Tom Golisano founded Paychex Inc. in Rochester, N.Y., to provide small businesses with payroll services. In 1982, Paychex ranked #8 on the *Inc.* 500 and, in the following year, it went public. Since then, Paychex's performance has been so strong that *Forbes* named it to its 2000 Global A-List, a ranking of 400 top-performing public companies. As it moves into the new millennium, Paychex, which reports more than 375,000 clients, 7300 employees, and more than 100 offices nationwide, generated nearly \$870 million in 2000 annual revenue.

- **Charles Schwab**

Technically, Charles Schwab Corp. isn't an *Inc.* 500 company. That's because it made the Private 100 list, a precursor to the *Inc.* 500 that *Inc.* published in 1981 to recognize the nation's privately held growth companies. (The next year, in 1982, the concept was expanded to create the first *Inc.* 500.) Back in 1981, Charles Schwab was considered an interesting company in a breakthrough niche: discount brokerage. Today, with more than \$870 billion in assets under management, Schwab is well known in the online investing arena as well. (Other well-known *Inc.* 500 alumni in the financial services and financial information sector include E*Trade and Morningstar.)

- **Timberland** (1983, #495)

Once a small Yankee boot maker, the Timberland Co. has grown to become a well-known designer and marketer of footwear, apparel, and outdoor accessories. With brand meister Jeffrey Swartz as CEO, the company posted more than \$1 billion in 2000 revenue. It is based in New Hampshire.

- **CompUSA** (formerly SoftWarehouse 1990, #47; 1991, #95)

In 1984, CompUSA's eight employees generated revenue of slightly more than \$3 million. In 2000, CompUSA, a retailer and reseller of personal computer-related products and services, ranked #273 on the *Fortune* 500. Today, it operates 218 superstores in 84 metropolitan areas.

- **Jenny Craig** (1988, #6; 1989, #448)

In 1983, the year it was founded, Jenny Craig Inc. employed 60 people and posted annual revenue of \$212,000. Today, it's one of the largest weight management service companies in the world, with more than 660 franchised and company-owned centers. Jenny Craig trades on the OTCBB under the symbol JCGI.

Where Are They Now? Former Number Ones

Who's gone public? Who's gone bust? A trip down memory lane to visit 14 companies that have occupied the top spot on the *Inc.* 500.

America's Fastest-Growing Private Companies

This user's guide to the 1993 *Inc.* 500 list showcases some well-known alumni.

The Class of 1985

Inc. revisited the 1985 *Inc.* 500 class 10 years later to see what happened to America's fastest-growing private companies.