

2007's
**FASTEST-
GROWING
BUSINESSES**

Entrepreneur®

august 2007

13th ANNUAL

HOT 500

95. ServePath LLC

John Keagy, 39, David Hecht, 36

Custom-managed data hosting and multiserver networks
San Francisco, CA

www.servepath.com

Began: January 2002 w/2 employees; 53 employees in 2006

Initial investment: \$1M from savings/personal funds

2002 sales: \$498K **2006 sales:** \$11.2 million

Turned a profit: 2004

Success secret: "We focus on customer needs by providing many "firsts" to the market that address those needs. We also know how to grow and operate an internet business profitably using our own money."

**America's top fast-growth businesses
and the entrepreneurs who built them**

Hot 500 at a Glance

the people: Who are the entrepreneurs behind the companies in our Hot 500 for 2007? Here's a look.

GENDER

Male	839 (88%)	Female	114 (12%)
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Average age	44
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the numbers: A roundup of the basic figures . . .

Total revenue for 2006	\$12.6 billion
Total employment on first day of business	2,807
Total employment projected by 2008	58,776

the funding: Where'd they get the money to start?

Savings and personal funds	387
Friends and family	117
Bank loan	71
Lines of credit	71
Private investors	70
Credit cards	57
Venture capital	19

the perks: Here's how our Hot 500 entrepreneurs share their success with their employees.

Health insurance	464
Retirement funds	372
Car allowance/company car	258
Flextime	201
Telecommuting	163
Tuition reimbursement	163
Stock options	90

the staying power: By their second year in business . . .

61% had turned a profit
56% had earned their first million

SOURCE: *Entrepreneur's* Hot 500 for 2007

America was built on aspirations. Ever since the country was founded, the desire for a better life has propelled people to our shores. The same yearning to reach ever higher inspires today's entrepreneurs—and there's no better example of the power of aspirations than the success stories from our Hot 500 list.

For the past 15 years or so, politicians and economists have touted entrepreneurship as the engine driving our economy. While this was once news, today it's not—at least, not to us at *Entrepreneur*. We've long known that entrepreneurial companies are the primary generators of new job creation. To be included in our listing, companies had to show positive job growth.

Now, with a second wave of web entrepreneurs well underway, entrepreneurs are getting plenty of press. But today's entrepreneurial revolution is not all about technology. In fact, as our Hot 500 list took shape, what impressed us most was the sheer variety of businesses represented. "In contrast to conventional wisdom, the Hot 500 shows that America's fastest-growing companies are not concentrated in just a few industries," says Spencer Tracy Jr., president of Corporate Research Board in Washington, DC. "These businesses can be found in nearly every industry. They're a remarkable testament to the diversity of the U.S. economy."

Our Hot 500 companies' diversity extends to the faces and stories behind each of these businesses. But however they differ, successful entrepreneurs share one trait: the ability to look at the familiar in a new way and see opportunity. The stories you'll read are proof of the power of innovation, inspiration and aspiration—proof of the power of entrepreneurship. We hope they inspire you to seek your own new worlds of opportunity.

MAKING THE CUT

This is how it all begins: The Hot 500 rankings are compiled with the help of Corporate Research Board, a research organization. *Entrepreneur* and CRB started with CRB's database of more than 19 million U.S. businesses and considered only those businesses that met the following criteria:

- Must have been founded no earlier than 1998 and no later than 2002
- Company sales in 2002 must be \$100,000 or greater; 2006 sales must not exceed \$1 billion
- Must have positive job growth between 2002 and 2006
- Must have a minimum level of sales growth or a sales growth quantifier of 1 or higher between 2002 and 2006; the growth quantifier is a measurement that combines percentage and absolute growth.

Only 95,000 businesses—or 0.5 percent of the 19 million businesses—met the above criteria. *Entrepreneur* then contacted the businesses with the greatest growth to confirm eligibility. To be eligible, the founder must be actively involved in the company, the company cannot be a spinoff or a division of a larger company, and company sales for 2006 must be at least \$1 million. From this list, the Hot 500 was selected.

For information on applying for the 2008 Hot 500, go to entrepreneur.com/hot500.

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ABOUT CORPORATE RESEARCH BOARD

Corporate Research Board is a leading provider of economic and business data, research, and information. From its Washington, DC, headquarters, CRB serves businesses and governments worldwide, offering high-quality insights into the U.S. economy, the companies that comprise it and the forces that shape it.