TO LOOK BACK OVER 35 years of *Inc.* is to encounter thousands of entrepreneurs being anything but shy. They are not shy about their startling triumphs or epic defeats. About their billion-dollar ambitions or their fear-shredded stomachs.

When *Inc.* launched in 1979, our subjects seemed like an exotic new breed, sprung up among unrelatable corporate titans and unremarkable mom-and-pop business owners. That same year, David L. Birch, an MIT researcher (and, later, an *Inc.* columnist), coined the word *gazelles* to describe growth companies that—to virtually everyone's surprise—turned out to be the source for the most net job growth in the American economy. Over the next three and a half decades, *Inc.* established itself as the definitive gazelle zoography. In the pages of *Inc.*, people such as Steve Jobs, Herb Kelleher, Michael Dell, James Goodnight, Fred Smith, Anita Roddick, Yvon Chouinard, Charles Schwab, John Mackey, Paul Graham, Tony Hsieh, and Elon Musk laid out what became the familiar rules for entrepreneurship: Become connoisseurs of risk. Recognize opportunity. Change things up. Above all, do it your way.

In 1981, the Inc. 500 innovated business rankings by celebrating speed rather than size. That didn't prevent some of those fast-growth companies from becoming mighty large—and important. Some of the best-known brands in computing (Microsoft, Oracle, Intuit), food (Jamba Juice, Domino's, Nantucket Nectars), consumer products (Timberland, Paul Mitchell, Jenny Craig), and many other industries proudly trumpeted their numbers in the pages of *Inc.* on the way up.

Throughout its 35-year history, *Inc.* has written early and often about the movements that reshaped leadership and organizational behavior, including open-book management, social entrepreneurship, collaborative cultures, servant leadership, innovation, and work-life balance. The subjects of *Inc.* articles weren't retrofitting established corporations with new practices but rather building those practices from scratch in workshops of their own creation. In telling their stories, *Inc.* has told the story of late-20th- and early-21st-century business.

To celebrate *Inc.'s* 35th anniversary, we asked some of the legendary entrepreneurs who have appeared in *Inc.'s* pages to share their thoughts and experiences. An eclectic bunch, they spoke about what they've survived, what they've learned, what they're up to. Consider it a tasting-menu version of a feast three and a half decades in the making. Bon appétit.
—LEIGH BUCHANAN

OUT OF THE PUBLIC SPOTLIGHT Twenty-five years after his company went public, Michael Dell took it private in 2013. Now, he aims to transform the business.

MICHAEL DELL | DELL

HOW I BECAME AN ENTREPRENEUR AGAIN

PHOTOGRAPH BY **JILL GREENBERG**

For a guy who doesn't broadcast his emotions much, Michael Dell is positively jolly. In faded jeans and a starched gray button-down, he settles in at the head of a massive conference-room table and lets out a long belly laugh; his communications executive has just told a story about a recent family-vacation mishap, and Dell rolls back into his laugh like a man who's deep in his comfort zone. He has reason to be happy. It's a week before the 30th birthday of his namesake company, and six months ago he completed the largest corporate privatization in history.

If Dell's famous founding story is an American legend, the blueprint for so many tech companies started in dorm rooms, the company's more recent history is also a cautionary tale. In the past decade, the company missed the switch to mobile devices and lost its spot as the world's largest PC maker. But lately, Michael Dell has been leading his company through a sweeping transformation.

Of Dell's roughly $60 billion in revenue last year, one-third came from new lines of business in the enterprise market, including cybersecurity, networking, Big Data services, and cloud computing. The big idea: to become

BOOTING UP
In 1989, five years after launching a computer company out of his dorm room, Michael Dell—seen here at his production facility in Austin—was already a multimillionaire at 24.

"You can't keep doing the same thing and expect it to keep working. We had to do something different, but the really hard question was, What is it?"

the industry leader in modern IT solutions, and to do it much the same way the company revolutionized the PC industry in the '90s. Dell, who likes to say he runs "the world's largest startup," points to the company's new private status as key to making the kind of aggressive, long-term bets that could catapult it past its competitors. —TOM FOSTER

CHANGE OR DIE

Back in 2007, when I returned as CEO, the core business was beginning to deteriorate, and the data was piling up showing that the things we'd been doing before were not going to be the answer. That's a very hard position to be in. It's like someone saying to Colonel Sanders, "This fried chicken thing is no good anymore."

In the '90s, companies were buying servers and PCs as fast as they could. That was the biggest problem a lot of our customers had. A decade later, it wasn't such a big problem anymore. They knew how to do that, and the decision-making process within those companies drifted down from the CIO to the vice president of infrastructure to, you know, the director of desktops. The people higher up in the organization were focused on new problems.

The point is, you can't keep doing the same thing and expect it to keep working. We had to do something different, but the really hard question was, What is it? We made plenty of mistakes along the way to answering that question, but the most important thing we identified was that we needed to know more about our customers and what problems they were really trying to solve in their businesses—even if they didn't neatly fit into an existing category of ours.

HAVE BIG EARS

The best customers for us are the ones that present us with a new problem, because chances are, if one customer has that problem, 100 more have it, or 1,000, or 10,000. So you start thinking about solution development rather than product development. That can mean anything from a new feature or capability to a new way to finance purchases or a new way to link things together. Invariably, those solutions come not from guys sitting in a room by themselves saying, "Hmm; what would I want if I were a customer?" or, "What are our competitors doing?" They

REBECCA McENTEE/AP

come from actual customers.

So when it comes to sales, we've tried to change the conversation from, "Let me show you what I have to sell you" to, "What are you trying to do in your company? What problems can I help you solve?" We've found that customers are very open. They'll tell you what's going on, what's working and what's not. They're looking for help. That kind of conversation not only yields good information to help us build a better business, but it builds better relationships.

GET TO THE TRUTH

I can't ever remember being struck by lightning when making a big decision. It's always about taking in more and more data points and making tack adjustments as you figure it out. I call customers, suppliers, industry analysts and try to get as much information as possible.

But sometimes you've got to make fairly big calls, and you need to act quickly. When we decided to buy the company EqualLogic for $1.4 billion in 2007, we'd never really done a big acquisition before—and we had to make the decision right away, a day before EqualLogic was set to go on its IPO road show. We were going to literally steal it out of the hands of the IPO market.

At the time, we were selling data-storage technology in partnership with another company, but it was clear we needed a bigger hand in that business—either by building something ourselves, merging with our existing partner, or acquiring EqualLogic. I needed a way to get good insights fast in order to make a decision. So I headed over to our lab and started talking with the engineers there. They were midlevel people, but among our brightest talent in that area.

At the end of the conversation, I asked each of the seven engineers, "OK, now, let's say that you had $1 million. And you could put your money in this product or that product. You can't keep the money. And you get to keep whatever you make over the next five years. Maybe your million turns into zero; maybe it turns into $10 million. Where are you going to put your money?" I went around the room, person by person. Six out of the seven said they would put their $1 million in EqualLogic. The seventh guy just couldn't deal with the exercise; he didn't have an answer.

I've repeated that technique a few times since then, as a way of discovering what our teams really think about things.

BORN TO LEAD
Michael Dell on the cover in 1990. "My goal is to be CEO for 60 years," the 24-year-old told *Inc.* at the time.

"When you found a company, you feel a deep sense of responsibility for it. I'll care about Dell even after I'm dead."

GO LONG AND MOVE FAST

I go to a lot of forums with some of the biggest companies in the world, and after we went private last year, a lot of my colleagues there were giving me high-fives and saying, "I wish I could have done that!" Customers seem to really like it, too, because a lot of them are private, and now they can relate to us more. People see that there is a problem of too much short-term thinking in the financial markets; it's a real affliction. That we were able to extract ourselves from that and think much more about the medium and long term, that's an idea people get excited about.

We can be on offense all the time as a private company. We're investing aggressively in knowledge and talent and resources—and we don't see our competitors investing to the degree that we are. If you are running a public company, you've got to deliver short-term results. You need to deliver this amount of earnings this quarter, so your investment approach is going to be modified. On top of that, there's always the threat of shareholder activism. People saying, "Oh, you have too much cash on your balance sheet; why don't you give us a dividend? Why don't you do a share repurchase? Why don't you spin off that division or split the company up?" That's a very different approach than I can take as the founder-owner-operator, the ultimate long-term investor.

At the same time, we can move more quickly as a private company. Our former CFO came to me in January and said, "Hey, I'm thinking I might leave the company." If an officer is going to leave, that's a big deal for a public company. Had we been public, we would have had to plan the timing of the announcement, think about all the questions that might arise, and get all these opinions from different people. We might have waited 90 days to make the decision official. That kind of thing happens all the time, and it's total nonsense. As a private company, though, we knew exactly what to do. We had a successor ready to go, and we announced it almost instantly.

When you found a company, you feel a deep sense of responsibility for it. I'll care about Dell even after I'm dead. So this is a pretty personal process. And when you're doing what you love and it's working, you don't get tired working what other people might consider long hours or crazy schedules. It's just fun. It's energizing.

PREVIOUSLY IN *INC.* Michael Dell was on the cover in January 1990 as *Inc.*'s first "Entrepreneur of the Year." He appeared on the cover again in April 2005, as one of the "Entrepreneurs We Love."

A WHOPPER OF A DECISION In 2010, Thrillist founder Ben Lerer took a big risk by acquiring a company in a completely different industry.

PHOTOGRAPH BY **DAVID BRANDON GEETING**

SCAN THE PAGE TO SEE A VIDEO WITH BEN LERER.
(See page 10 for details.)

BEN LERER | THRILLIST

MY MAKE-OR-BREAK DECISION

Founded in New York City in 2004, Thrillist, which has annual revenue of $100 million, started out as a fast-growing media company with a newsletter for urban guys. Today, it also sells pants. And shirts—a lot of shirts. The acquisition of online men's-clothing retailer JackThreads in 2010 was a big risk for Thrillist co-founder Ben Lerer. He chanced the future of his company on one massive bet. —CHRISTINE LAGORIO-CHAFKIN

I **NEVER CONCEIVED THAT** a media company would sell products. About four years after launching Thrillist, we were growing, but it was no longer exponentially—and no one was coming to us with a $125 million acquisition offer like they did with DailyCandy. We never hit a wall, but there was a pretty hazy future in front of us.

At the same time, the flash-sales space was blowing up. I thought, Why are these guys killing it when they have such a similar subscription model to what we have? One day when reading our newsletter, I saw an ad for a company called JackThreads. I realized they were selling clothes that we'd covered editorially on Thrillist. That's when I realized that we'd built this demand from a tremendous group of users. These guys, JackThreads, had built the supply.

You can't hope your way into a deal. You have to look at it with eyes wide open, knowing what the possible outcomes will be. It was a huge risk. There was the opportunity cost of taking the time and energy to fail. And there was the potential of becoming the media business that tried to figure out commerce—and failed. It was the biggest decision I had to make for the future of the company.

It took six months for us to hammer out our vision and settle the terms. I was in Mexico for an off-site the weekend we were supposed to be signing the deal. "Unpleasant" would be a really nice way to put it. The back-and-forth-and-back was massively stressful, and a little bit of me was saying, "What am I getting myself into? Business is good—am I sure I want to invite more stress into my life?" I definitely had all those second-guesses. This was my life's work, and JackThreads was [founder] Jason Ross's life's work. So neither of us was taking this lightly. In the end, we signed the deal.

Since we acquired JackThreads four years ago, the business is more than 10 times bigger than it was before. It's not like it's been a "nice little change." It's been huge. Half of our employees are working on commerce, and the physical company is a crazy thing: We have our 50,000-square-foot office in [New York City's] SoHo along with an 110,000-square-foot warehouse in Brooklyn, and editors in 30 cities. More than half of our revenue comes from retail—and I think eventually 80 percent will. We'll do upward of $100 million in revenue this year, even though we've raised less capital than most other businesses of our scale.

"It was a huge risk. There was the potential of becoming the media business that tried to figure out commerce—and failed."

Now, we can look back and say, "Oh, we were so brave!" I think we were probably naive. I don't think I understood how much of a bear commerce is in general—managing your own fulfillment and handling inventory at scale, manufacturing and design, operating customer service call centers. And having a relationship with UPS. And building technology and data infrastructure around inventory management. We didn't know what that was about. But we knew that if we didn't try, we couldn't win. I'm just glad we won.

PREVIOUSLY IN *INC.* Ben Lerer was one of the "30 Under 30" in 2009.

GORDON SEGAL | CRATE AND BARREL

MY ONE-PAGE BUSINESS BOOK

Gordon Segal founded Crate and Barrel with his wife, Carole, in 1962. Today, the company has 120 stores and more than $1 billion in annual sales. Segal retired from Crate and Barrel in 2008. He has never written a business book, but if he were to write one—and if he had to boil it all down to one page—this is what it would say. —L.B.

INTRODUCTION

I'm a store person. I like to surround people with merchandise. I like a feeling of abundance: stacks and stacks of glasses, each one polished so it shines. I like displays so inviting that people want to touch things: to feel the weight of a bowl or to brush their fingers across a blanket. I like to charm customers with great salesmanship.

It's hard to be a specialty retailer these days. It takes time to fully develop a concept. Companies want to grow fast. Customers want to shop fast. When everyone is in a hurry, something is lost.

CHAPTER ONE: POINT OF VIEW

The great specialty retailers start from a distinct point of view. It's a matter of taste and style, and also of how things are priced. Point of view is not just about the products you sell but also how you present them. A Ralph Lauren store takes the point of view of an English manor house—British but contemporized for American tastes. That's very different from a Crate and Barrel point of view.

CHAPTER TWO: CURTAIN TIME

The store is the stage, with the lighting, the music, the atmosphere. The product is the script. The employees are the actors. The customer is the audience. And it is the job of the actors to convince the audience that this is a good play—a good product.

CHAPTER THREE: ACTORS, WAITERS, TEACHERS

You have to hire people with personality and passion who are great at interacting with the customer. We loved to hire people who had worked as actors or in restaurants. Schoolteachers are also wonderful: They are gifted at explaining things. In the early days, many schoolteachers who worked for us as part-time sales associates became great leaders. Three of our top executives were former teachers.

CHAPTER FOUR: THE MATURING BUYER

As a store buyer, you try to understand the market. But people are guided by their own tastes. And those tastes change over time as rising success and world travels make people more sophisticated. So buyers in their 30s buy one way, and that changes as they get to their 40s and then to their 50s. And the store changes as a result. You have to be aware of that.

EPILOGUE

The Internet is a wonderful thing. I remember our first website. You could go to our fulfillment center and watch the orders printing out in the morning. It was so easy. Like printing money. But retailers on the Internet today are so flooded with data that they barely have time to get up from their desks. You have to go out to the stores. Walk the floor, talk to the sales associates, watch the customers respond to the displays. The stores are where life is.

PREVIOUSLY IN *INC.* Gordon Segal was featured in November 1985 ("Best Managed Companies in America"). He also advised *Inc.'s* "Cool Startups" in July 2007.

JOEL KIMMEL

DANY LEVY | DAILYCANDY

WHAT IT FEELS LIKE TO CASH OUT— THEN WATCH YOUR COMPANY DIE

In 2000, Dany Levy launched DailyCandy, an email newsletter touting one great boutique, restaurant, or product a day. Eight years later, DailyCandy had amassed 2.5 million subscribers, and it sold to Comcast for a reported $125 million. But this spring, Comcast's subsidiary NBC shut down DailyCandy, stunning its subscribers and employees—and the founder herself. —BOBBIE GOSSAGE

I **ACTUALLY STARTED DAILYCANDY** with the idea to sell it. I had this fantasy that I would sell it to LVMH for $1 million someday.

In the early days, I did a lot of things myself. I was like a crazy person. I can't tell you the number of weddings and baby showers I missed. I loved everything about the business: the content, the marketing, the design, the hiring. But I decided to make myself replaceable. You have to do that if you want to sell a company. So I had other people do television appearances. I hired around my weaknesses. I'm not a good manager, so I hired a good manager. I'm not a number cruncher or a technology expert. But I know what I don't know, and I had fun putting together a team.

I sold the company a couple of times, really. In 2003, I sold the majority to [media mogul] Bob Pittman at what some people felt was a low valuation. In 2006, we tried to sell the company. Bob put the price tag at roughly $130 million. We didn't sell, but Ares Capital did buy a portion of the company, and I was able to take some money off the table.

In 2008, we said, "OK, it's time." Comcast may not have seemed like the most likely suitor, but I liked the idea, and it was the most financially stable company. And the numbers were so large, it blew my mind. Pittman didn't want to do the deal. He thought we could hold out for much more. Our CEO, Pete Sheinbaum, was pushing for the deal. He deserves all the credit for that.

The deal was finalized on September 12, 2008. Lehman Brothers went under that weekend. I'm happy that we sold when we did. If we hadn't sold then, I don't know what would have happened.

Comcast kept me around for a few years as a consultant, but I left in 2011. The email newsletter model seemed novel in 2000, but the space got very crowded over the years. And DailyCandy failed to innovate.

When Comcast and NBC shut down DailyCandy in March, I found out about 30 seconds before the news hit. Nick Lehman from NBC graciously called to tell me. I was in L.A. on my way to the airport. I was shell-shocked, dumbfounded. I was just sad. Sad for the people who lost their jobs. The big question is why.

I have no regrets, but it's weird that DailyCandy doesn't exist anymore. I had this idea that I would be able to show my kids, "Look at this thing that Mom started!" Mostly, I miss being so passionate about something.

PREVIOUSLY IN *INC.* ➲ Dany Levy told her How I Did It story in February 2004.

PHOTOGRAPH BY **RYAN PFLUGER**

NO REGRETS Dany Levy sold DailyCandy for about $125 million at the height of the market. But it was still hard to see it shuttered.

SCAN THE PAGE TO SEE A VIDEO WITH DANY LEVY. (See page 10 for details.)

ERIC AND SUSAN GREGG KOGER
MODCLOTH

OUR BIGGEST BLIND SPOT

Susan Gregg Koger began collecting and selling vintage clothing online the summer before her freshman year of college in 2002. Since then, she and her then-boyfriend (now-husband), Eric Koger, have transformed the business into a fast-growing online clothing retailer, with more than $100 million in annual sales and some 400 employees in three cities. Over the years, the pair have made every significant decision together. That doesn't mean everything has gone swimmingly, though. —C.L.C.

SUSAN: One thing that's really served us well is that whenever we are making really big decisions, we always sit down and talk through what the worst-case scenario would be. But for some reason, we didn't do that when it came to our office space.

ERIC: In 2010, we decided to move out to Los Angeles to be closer to our designers. And we heard so many good things about San Francisco that we decided to become a three-city business that year. We didn't know what we were getting ourselves into. Just having two cities is way more than twice as complex as one.

SUSAN: And three is exponentially more complex. Turns out, it's really expensive to relocate about 30 people. We also failed to test-drive the spaces before we bought them. Making sure the air conditioning works, things like that. Our Los Angeles office was always so hot or so cold. Our Pittsburgh office wasn't soundproofed. It was really hard to have a private conversation. You need to try before you buy.

ERIC: The irony is, we do this pervasively in our business. We put samples in front of customers before we invest heavily. And we beta-test and progressively roll out all new technologies. But when it came to offices, we were like, "Nice space! Signed!"

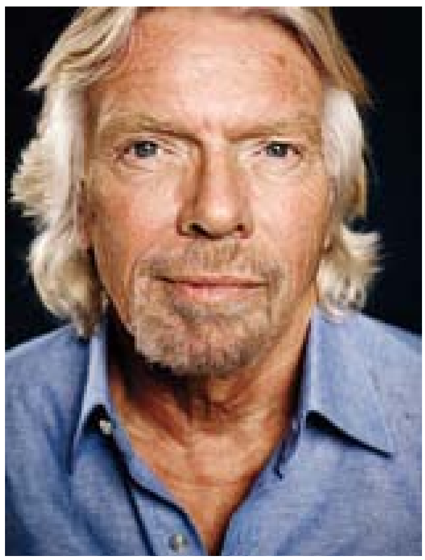
PREVIOUSLY IN *INC.* ➲ Eric and Susan Gregg Koger were on the "30 Under 30" list in 2009.

RICHARD BRANSON | VIRGIN

WHY I FOUGHT THE LAW—BUT NOW WE'RE FRIENDS

Sir Richard Branson repeatedly tops the list of the Inc. 500's most admired entrepreneurs. Unsure about a decision, founders ask themselves: What would Branson do? The answer is usually "the gutsy move." That's how Branson built Virgin Group, an enterprise with more than $24 billion in annual revenue, from a wide array of industries, including music and space travel.

RECENTLY, GOVERNMENT HAS struggled with disruptive companies whose technologies or business models don't fit neatly into existing laws or regulations. We at Virgin have had our fair share of fights with the government. As long ago as 1977, Virgin Records went to court for displaying posters with the supposedly rude word *bollocks* to advertise the Sex Pistols' studio album. (We won.) As recently as 2012, the British Department for Transport tried to deny a bid by Virgin Trains to operate along an important line. (We won that one, too, thanks in part to an e-petition with more than 100,000 signatures.)



We have undertaken our most disruptive venture yet—to democratize space travel by building the world's first commercial space line. Private space enterprises like Virgin Galactic are standing on the shoulders of the giants that have come before us—and government is right there, letting us prove ourselves with NASA contracts for science experiments. While we are injecting resources and talent and creating a market for space travel, government works alongside us to regulate in a way that does not stifle innovation and that prioritizes safety and the growth of a brand-new industry.

This collaborative partnership between innovators and regulators is sure to open up even more opportunities for enabling technologies to address environmental, health, education, economic, and transportation challenges back here on Earth. And the space example reminds us of the ideal life cycle of a truly disruptive initiative: first, getting its legs, in part with the help of government loans, contracts, and tax breaks; then, defiant in the face of growth-impeding restrictions; and, eventually, triumphant in making something as thrilling as space travel accessible to all.

PREVIOUSLY IN *INC.* ➲ Richard Branson was on the cover in April 2005 as one of the "Entrepreneurs We Love." He appeared on the cover again in November 2012 ("Why the World Needs Big Ideas").

FROM LEFT: JOEL KIMMEL; MARK HARRISON/REDUX

JIM KOCH | SAMUEL ADAMS

WHY I SUPPORT MY COMPETITION

Jim Koch is chairman of Boston Beer, a pioneer of the craft-beer movement and brewer of Samuel Adams. The business, which Koch founded in 1984, had $739 million in revenue last year. Since 2008, Boston Beer has given out more than $3 million in microloans to craft brewers and other small businesses in the food, beverage, and hospitality industries. —L.B.

THE REASON I support competitors becomes obvious if you think about the way yeast ferments beer. If enough yeast are working together, they can change the ecosystem for the mutual benefit of all. If they aren't, other organisms take over, and the yeast will fail. Craft brewing is kind of like that.

We are happy to share our innovations with the industry. We were the first brewery to age beer in used spirits barrels back in the early '90s. So we got a lot of calls: Where do you get the barrels? How do you do it? How do you get approval for it? We shared with anybody who asked us. About a year ago, we invested $1 million to develop a beer can that allows you to get more air when you drink, so you experience the taste and smell of the beer at the same time. We licensed the design to a manufacturer on the condition that it let other craft brewers use it for free. It will help differentiate craft beers from beers the big guys have developed to compete with us.

THIS ROUND'S ON HIM Jim Koch's company, Boston Beer, has provided loans, coaching, and even hops to other craft brewers in need.

In 2008, there was a worldwide hops shortage. A lot of craft brewers got caught short—particularly the smaller ones. We had enough because we buy in advance and on contract. So we put out an announcement to craft brewers that we would sell them our hops at cost. We were able to help more than 200 breweries—some were faced with shutting down without a supply. We did it again in 2012, when there was a shortage of a very desirable kind of hops used in IPAs [India pale ales]. Some of the brewers we helped sent us a few bottles made with our hops as a thank-you.

Through our Samuel Adams Brewing the American Dream program, we've made loans to about a dozen microbrewers and provided coaching to another 30. They are a lot of fun. For me personally, and for us as a company, it connects us with our small-business roots. And if one of these companies is successful enough that they take some market share from us, well, more power to them. I don't worry about that. I worry about how we create a beer culture that respects the art of brewing and wants beer with flavor, taste, and authenticity. If we can create that environment, there will be plenty of business for all of us.

I don't want to be a Goliath. It's a lot more fun to be a little shepherd boy, as long as you have got more than one David. You read the story of David—his life kind of sucked after he became king.

BRYCE VICKMARK

PREVIOUSLY IN *INC.* Jim Koch told his startup story in the March 1988 feature "Portrait of a CEO as Salesman."

TONY HSIEH | ZAPPOS

WHAT YOU SHOULD— AND SHOULDN'T— TAKE FROM US

You can't argue with success, but you can learn from it. And companies everywhere are learning from and emulating Zappos, which started life as an online shoe store in 1999 and by the time of its acquisition by Amazon in 2009 had become the business everyone wanted to buy from or work for. Tony Hsieh still runs Zappos, which has revenue of more than $1 billion a year, and he serves as both protector and proselytizer of its culture.

BACK IN 2008, WE started a new department called Zappos Insights. The purpose of this is to help external groups learn about the Zappos culture and hopefully to inspire other companies to think about how to use happiness as a business model for customers, employees, and business partners. In just the past three and a half years, we have had more than 50,000 people come through our free tours and in-depth training.

Our intent isn't to create Zappos clones or to push the Zappos core values on other organizations. Rather, we share the process and stories of creating core values—whatever they may be—and living by them. Research has shown that it actually doesn't matter what your values are. What matters is that you have them and align your entire organization around them. The power comes from the alignment rather than the actual values themselves.

Some examples of practices others have adopted include defining a higher company purpose and a strong focus on employee engagement. We get a lot of HR folks who visit, and we see a lot of interest in the importance of hiring for culture fit and adopting culture reviews alongside performance reviews.

Even our parent company, Amazon, has adopted and adapted our "pay to quit" program, in which we offer employees thousands of dollars to leave the company to ensure that the employees who do stay truly want to be here.

All of this has led us to evolve our vision and purpose over the years. We started out just wanting to sell some shoes online. Now our purpose includes helping to inspire the world.

PREVIOUSLY IN *INC.* ➲ Tony Hsieh was on the May 2009 cover ("Everybody Loves Zappos") and featured again in February 2012 ("Tony Hsieh's Excellent Las Vegas Adventure").

JOHN KATZMAN | PRINCETON REVIEW

THE ONE THING I DID RIGHT (AND WHAT I DID WRONG)

John Katzman founded the test-prep giant Princeton Review in 1981. After taking the company public and increasing annual sales to more than $110 million, he left Princeton Review in 2007. Since then, Katzman has launched two other education companies: 2U, which partners with universities to offer degree programs online (hear from his co-founder, Chip Paucek, on page 124), and Noodle, which offers advice to students seeking schools, tutors, and classes. He is also an angel investor. —L.B.

When I started Princeton Review, there was one thing I did poorly and one thing I did well.

WHAT I MESSED UP: I did not pay enough attention to understanding my balance sheet. I did not make sure I had real-time financial information or good projections about where the company was going. Now, when I work with startups, I really question them: What are the drivers of your business? Where are you now? Where are you going to be in the next couple of quarters?

WHAT I DID WELL: Set the price. A lot of entrepreneurs believe they have to have both a premium product and a discount price. At the Princeton Review, we were offering a premium product and charging a premium price. That meant our margins were good enough that if we messed something up, we could fix it. If somebody needed some extra tutoring—if for whatever reason it wasn't clicking—then we could go in and provide it. We charged what we charged, and we did not apologize for that.

PREVIOUSLY IN *INC.* ➲ John Katzman was featured in an April 1995 article about his rivalry with a competitor ("Enemies, a Love Story").

FROM LEFT: MIKE McGREGOR/GETTY; JOEL KIMMEL

YVON CHOUINARD | PATAGONIA

MY 100-YEAR PLAN

Not so long ago, it was almost unheard of for a business to put its social and environmental mission ahead of making a profit. One of the first entrepreneurs to challenge the status quo was Yvon Chouinard, who founded Patagonia in 1972. These days, the company, which makes outdoor apparel and gear, has annual sales of $575 million and about 1,500 employees. And more than 1,200 companies have joined Chouinard's initiative to donate 1 percent of sales (not profits) to environmental causes. —BO BURLINGHAM

OUR FIRST MISSION statement was just to make the best product, period. But in the late 1980s, we got into bad financial problems, because we were growing 50 percent every year. There was a recession, and the banks were in trouble. They wouldn't lend me any money. We had to lay off a bunch of people. That was a wake-up call. I realized I'd become a victim of the recession by doing business the way everybody else does—by growing

MAKING HIS OWN PATH Patagonia's Yvon Chouinard set the standard for environmentally responsible businesses. Now, countless companies are following his lead.

"When you do things like everybody else and things go bad, it's like being in the middle of a pack of lemmings."

our business as fast as we could, by adding more retail stores, adding more dealers, adding more styles. When you do things like everybody else and things go bad, it's like being in the middle of a pack of lemmings. You go over the cliff with the others. That was when we decided to control our growth and act as if the company was going to be here 100 years from now. It really changed the way we made decisions.

Our focus on becoming a greener company and cleaning up our supply chain came later. The event that got us thinking was the opening of a Patagonia store in Boston. We took an old building and retrofitted it. Within a couple of days of opening, the employees were getting headaches. So we shut the store down and brought in an environmental engineer. He said, "Oh, here's the problem. Your ventilation system is recycling the same air, and you're poisoning your employees."

I asked, "What is this poison?" He said, "It's formaldehyde. It's in cotton clothes, like stay-pressed pants, no-wrinkle cotton. It's toxic." I had no idea. I just ordered fabric that didn't wrinkle. That's when we started asking questions. That led to the next part of our mission: Cause no unnecessary harm. Most of the damage companies cause to the environment is unintentional. It's caused by not asking enough questions. We asked, "OK, how can we have good-quality shirts without formaldehyde or other chemicals?" Each question leads to another. "How about dyes? Are dyes toxic?" By asking questions, we changed the way we do business.

We also told other people what we were doing and tried to influence other companies to look at their supply chains differently and make responsible decisions. I think we've begun to do that, and we'll keep trying to do it. That's our mission now and for the next 100 years: Build the best product, cause no unnecessary harm, and use our business to inspire and implement solutions to the environmental crisis.

PREVIOUSLY IN *INC.* ➲ Yvon Chouinard was featured in March 1988 ("The Anti-Marketers") and in August 1992 ("Lost in Patagonia"). *Inc.* also documented his management style in March 2013 (The Way I Work).

TOM STEMBERG | STAPLES

BEWARE THE AMAZON EFFECT

In the '80s and '90s, Staples founder Tom Stemberg was a big-box pioneer. Those days seem distant, says Stemberg, now 65 and a VC at Highland Capital. His portfolio includes sporting-goods chain City Sports and yoga brand Lululemon. "Terrestrial, mundane businesses," as Stemberg describes them, but with a twist he couldn't have imagined when he was starting out: the ability to serve customers wherever they shop, on Main Street or in cyberspace. —DAVID WHITFORD

IN ORDER TO BE SUCCESSFUL today, you have to operate on all cylinders. You have to have a great retail operation and a terrific e-commerce operation, and you have to link them together. Your store may not have to be as big as before; some things you're better off fulfilling from a distribution center. But you really want to integrate the strength of a retail store—the ability to let people touch and feel the merchandise—with the efficiencies of e-commerce. That's the real challenge, and it's tricky.

One thing I worry a lot about, which wasn't an issue for Staples initially, is the Amazon effect. Amazon has built a wonderful business. However, it's a business with very little profit. Amazon prices its goods in a way that creates an incredible problem. Do you price at these insane levels? Or do you yield market share to Amazon? As an investor, I try to avoid companies with products that are susceptible to the Amazon effect. Until Wall Street demands Amazon make a profit, that's a dark cloud that's going to hang over everything in retail.

When I invest, I look for two things above all: a great market and a great entrepreneur. The business plan is going to change. The team is going to evolve. But if you have a leader who can inspire others and a growing market that offers you an opportunity to differentiate yourself, typically you'll have a winner.

My general advice to entrepreneurs is the same I've been giving for 30 years: If you want to get into a business—no matter what the business is—first, you ought to work for a really well-run company in that industry and learn some management fundamentals. I'm talking about how to hire people, how to fire people with dignity, how to motivate people. Sure, some businesses don't require a lot of people in the early stages. But as you get bigger, people skills become critical. The entrepreneurs who bring those skills to their first ventures will have a big advantage over the entrepreneurs who don't.

There are the rare birds like Bill Gates who have the talent to succeed without experience. But they're like the guys who go straight to the NBA out of high school. Works for some, but for the vast majority, it doesn't.

PREVIOUSLY IN *INC.* ➲ Tom Stemberg was featured in June 1989 ("Born to Be Big").

PREVIOUS SPREAD: MATT SLABY/LUCEO; THIS PAGE: JOEL KIMMEL

DEBBI FIELDS | MRS. FIELDS

WHAT I MISS ABOUT BEING AN ENTREPRENEUR

Debbi Fields was 20 when she decided to turn her chocolate-chip-cookie recipe into a company. She opened her first Mrs. Fields bakery in 1977 in Palo Alto, California, and built it into a national chain before selling Mrs. Fields to an investment firm for $100 million. —LIZ WELCH

MY OFFICIAL TIME AT Mrs. Fields came to an end in 2000. In the 14 years since, I have been a spokesperson. I still talk to the owners, but I do miss running the show. I miss the people; I miss the customers. It was my baby, and I love what we accomplished.

What I don't miss was being a full-time psychologist. That was the biggest challenge, spending most of my time encouraging people: Yes, you can do it! You can do it!

Being out of the business is like empty-nest syndrome—there are different stages. I have five daughters. I remember when my youngest daughter went off to college. I had been raising children for more than 30 years, nonstop. The last one leaving me, I was devastated. I had to learn to adjust and adapt.

You cannot live in the past, but you celebrate those beautiful moments. The love, the joy, the pain.

There are many things to be excited about in my life, but my heart will always tug at being at the helm. I'm a born entrepreneur.

PREVIOUSLY IN *INC.* ➲ Debbi Fields was on the cover in July 1984 and featured again in October 1987 ("Mrs. Fields' Secret Ingredient").

RON SHAICH | PANERA BREAD

THE CEO'S MOST IMPORTANT JOB

Ron Shaich is CEO of Panera Bread, which grew out of Au Bon Pain, a bakery co-founded by Shaich in Boston in 1981. Panera operates 1,800 cafés in North America and had 2013 revenue of $2.4 billion. In recent years, the company has launched big initiatives, including Panera 2.0, a technology system that lets customers place orders online or at tables or kiosks in the restaurant, and Panera Cares, a chain of nonprofit cafés where customers pay what they can. —L.B.

I THINK THERE ARE two big parts to any business: discovery and delivery. Companies form because somebody discovered a better way to do something. Once that business gains some success—particularly if it takes on investors—the delivery people often follow. Their job is to make the business more rational and take costs out of it. They give the company stability.

The delivery and discovery processes are very different. The language of discovery is the language of imagination. The language of delivery is the language of numbers and accounting. Getting more efficient is quite seductive, because it works. But the delivery muscle starts to overwhelm the discovery muscle. And then you wake up one day and wonder, How come we don't know how to compete anymore? One of my most powerful roles as CEO is to protect discovery. Even in a company like Panera, with 80,000 employees, my most important role is discoverer in chief. Because that's where value is created.

As CEO, I don't focus on financial success. That's a byproduct. Instead, I focus on competitive advantage: the thing that made people walk past 20 restaurants to get to ours. But you can't just manufacture that. So I think about, How do I create an experience that is more enjoyable for customers? My job is to get this company ready for the future. It starts with observation and research: understanding what matters to people and what they will want five years from now. I did that with Panera Cares and with Panera 2.0.

Each innovation is like a rendering in my mind's eye: I can see how the customer will relate to it, how the employees will feel about it, and how it will work financially. I paint a picture in my mind, and then we prototype it and develop it. Protecting discovery, understanding what matters, and painting pictures of the future—that's how to be a successful CEO.

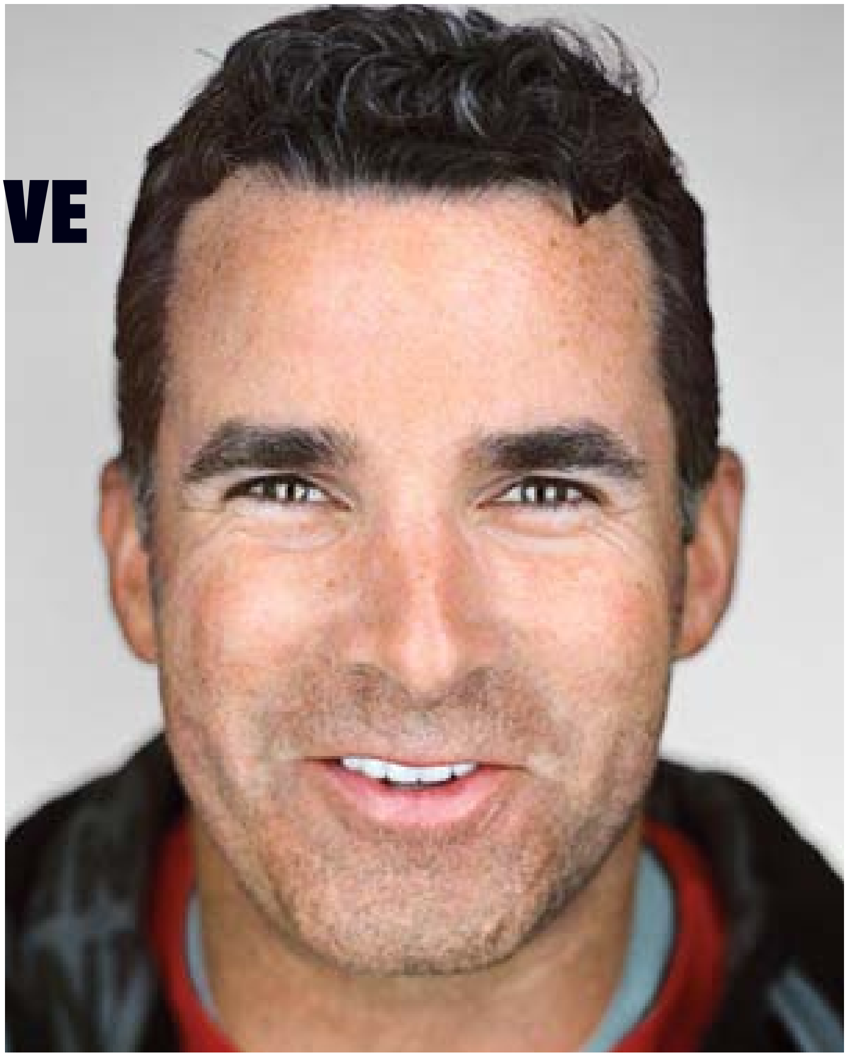
PREVIOUSLY IN *INC.* ➲ Ron Shaich shared the story of Au Bon Pain's success in July 1987 ("May the Force Be With You").

JOEL KIMMEL

PHOTOGRAPH BY **PETER BOHLER**

KEVIN PLANK | UNDER ARMOUR

MY FORMULA FOR INNOVATIVE DESIGN



Under Armour's Kevin Plank famously started his athletic-apparel company when he was a University of Maryland football player in the '90s. (He was looking for a moisture-wicking, form-fitting undershirt to wear under his pads.) Today, Baltimore-based Under Armour pulls in $2.3 billion in annual revenue. It's the third-largest athletic brand in the world, behind Nike and Adidas, and Plank has his sights set firmly on becoming No. 1. His latest innovation, the SpeedForm Apollo running shoe, might just get him there. But creating it wasn't easy. –T.F.

FIRST, DO ONE THING WELL

Focus is one of the most important things to have in your business. For the first five years, as we grew our company from zero to $5 million, we made really one shirt. Another way to say it is that a company needs to become famous for something, to find that niche. In those early years, we didn't try to keep up with the Joneses and make 10 other styles and different things; we created one thing. But that one thing was also generic enough—a white shirt with a black logo on the chest—that it could be a baseball shirt, a lacrosse shirt, a soccer shirt.

STAY TRUE TO YOUR BRAND

I realized that it was not just this product I was building; it was a brand. Under Armour wasn't about the compression T-shirt; it was about the essence of it: performance. The shirt was a piece of equipment. It made you perform better. So now we make performance footwear and accessories as well.

When we first got into footwear in 2004, with a football cleat, we played it too safe. We said, Let's be respectful of the industry, learn it, not do something too crazy. But our customer was expecting us to be disruptive. It's not like we made bad product; it's just that the bar was higher than even we were aware of. We had to take a step back from the business and say, What is Under Armour? How do we incorporate what makes our apparel great into our shoes?

BE OPEN TO WILD IDEAS

The idea for our new SpeedForm running shoe came from one of our manufacturers in China, one of the best bra makers in the world. He thought that the same kind of molding that creates comfort and support in athletic bras could work for shoes. So I put a team on his idea to see if we could design something new. It forced us to completely deconstruct the product and the process. We realized, if there's one thing that anchors a running shoe, it's the heel cup. Like a bra cup, what we came up with is molded and doesn't have a stitch in it. The way we applied the mid- and outsole was different as well. The shoe is lightweight but supportive. It's a whole new way of making footwear.

NEVER STOP INVENTING

There's a simple mantra that hangs above every one of our product teams. It says, "We have not yet invented our defining product for the brand." The foundation of the company is our compression shirt, but I am challenging every one of our product teams to say they've created the next great product. That was the challenge we gave our footwear team. They came back and said, "We think we have the coolest running shoe ever built." We haven't declared it a victory yet, but this may become one of the pillars of Under Armour.

"I am challenging every one of our product teams to say they've created the next great product."

PREVIOUSLY IN *INC.* Kevin Plank was on the cover in December 2003 (How I Did It). His company also made the Inc. 500 list of fastest-growing private companies that year.

MARTIN SCHOELLER/AUGUST

NEVER OUT OF STYLE Diane von Furstenberg's iconic wrap dress launched her empire, but she is building her company to last.

DAVID NEEDLEMAN/CORBIS

DIANE VON FURSTENBERG | DVF

WHY LEGACY MATTERS

Designer Diane von Furstenberg was 27 when she made the first wrap dress in 1974. The iconic design landed her on the cover of Newsweek*—and millions of women snapped up her dresses. But when demand faded, von Furstenberg ended up selling most of her licenses to avoid bankruptcy. In 1997, von Furstenberg relaunched her company, which now has annual sales of more than $200 million. The wrap dress, too, made a comeback, and recently celebrated its 40th anniversary with "The Journey of the Dress" exhibition, which traveled the globe. And the 68-year-old designer is focused on building a company to outlast any fad.* —L.W.

MY BUSINESS CAREER has been divided into three phases, starting with the "American dream" phase. I was in my 20s when I came to America from Europe, and I made this dress that tapped into the Zeitgeist. It was sexy but effortless. Easy and functional. It was empowering just as women were beginning to feel empowered. That was a once-in-a-lifetime thing.

In 1997, I decided to relaunch my brand using that dress. Fashion had changed by then, but I saw all these young hip girls buying that dress in vintage shops. I call that stage "the comeback years." It was time for me to show myself, and the world, that my success was not an accident. But I ran into trouble. We started to grow, I brought in a creative director, we tried to do too many things, and we lost our reason for being. I had to find that again. This is what you must do time and again as an entrepreneur.

I've learned to rely on my instinct, impulse, and passion. This is what entrepreneurs do best. It's what makes your company unique—the heart of your business, the engine. You also need a solid business plan and a great team—but the important thing is to not lose yourself.

I've come to realize that when you have your first success, it is often the essence of who you are and what you do. Trust that. Because as you grow and become more successful and hire more people, you can forget what you stood for in the first place. You have to stay true to yourself. That way, even if you make mistakes, it's OK, because you stand for it.

Last year, I started a new phase that I'm calling "legacy." That's when you realize that you have built something significant enough that it will last. But it also means building the next level of infrastructure to compete with the huge global brands. And at each moment, each phase of the business, you encounter new challenges equally as complicated but totally different, depending on the phase.

For me, I returned to the dress and realized that it was more than a dress. I had to extract why it hit, what was the Zeitgeist, what did the dress stand for? That's the spirit of the brand. That's long lasting. That can live forever.

It was only this year, when I created the exhibition, that I truly saw the power of that dress. I realized not only what it did for me but what it did for so many people. Now, I have to make sure that I have carved into our DNA all the things that the dress stands for: empowerment, sexiness, effortlessness.

PREVIOUSLY IN *INC.* Diane von Furstenberg was on the cover in April 2005 as one of the "Entrepreneurs We Love."