

The Evolution of the **ScaleUpU** Ecosystem



2017

ScaleUpU VISION

ScaleUpU, launched in 2016, is an alliance of partners who are skilled in all aspects of scaling up companies. ScaleUpU offers executive education, quarterly on-site education and strategic planning sessions for leadership teams, and accredited online courses for leaders and all employees to help build robust, growing companies.

To aid every city in unlocking its scaleups, ScaleUpU helps companies to grow and build the ecosystems that support them.

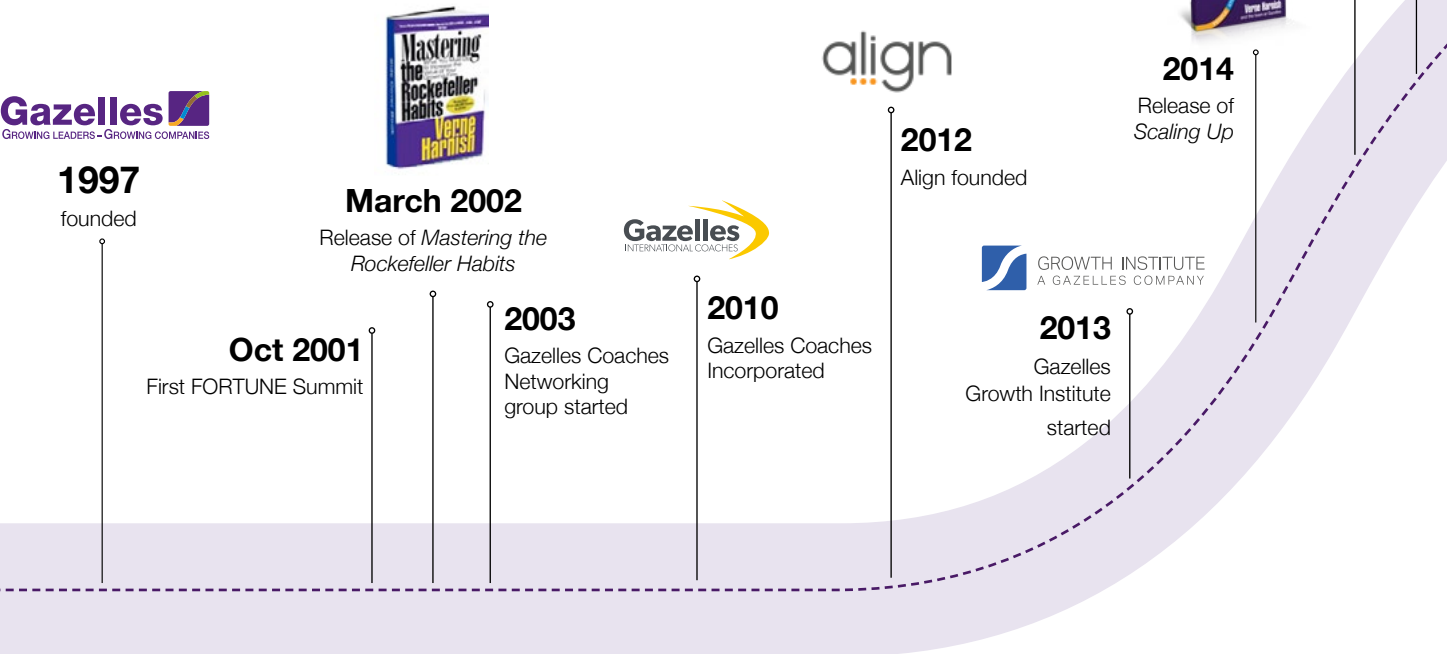
Most major cities have robust startup ecosystems, but to create jobs, they need those startups to scale up. Helping startups in the \$5 million to \$50 million range grow to \$100 million in revenue—the sweet spot for job creation—is essential.

Unfortunately, many cities don't know how to assist scaleups in their growth. Cities tend to measure the success of their entrepreneurial ecosystems by the sheer volume of people participating in business formation or local accelerators. In doing so, they overlook an element vital to the growth of their economies: The number of high-potential companies, or "gazelles," with the capability to hit \$100 million in revenue.

By identifying these companies and helping them significantly scale up, cities can gain a competitive edge in creating jobs and tax revenue. This report demonstrates how ScaleUpU's strategies are transforming growing companies into thriving scaleups. Read on for a close look at the highly replicable systems you can start putting to work for your city today.

"Millions of people start new ventures, and of those that survive, 96% remain 'mice.' It's only a few, the 'gazelles,' that scale beyond \$10 million, \$100 million or \$1 billion in revenue."

– Verne Harnish



ScaleUpU INITIATIVES

ScaleUpU offers executive education, quarterly education and strategic planning sessions for leadership teams, and accredited on-line courses for leaders and employees to help them build robust ScaleUp ecosystems.

The 5-year initiative (with an expected 5-year extension) will select 15 high potential scaleup companies per year (150 over 10 years) to participate in a proven 36-month education, coaching, and technology-supported process to address four key aspects of scaling a business: People, Cash, Execution and Strategy.

And the initiative will focus on addressing the five key barriers to scaling up identified in British entrepreneur Sherry Coutu's Scale-Up Report:

1. Finding employees to hire who have the skills they need
2. Building their leadership capability
3. Accessing customers in other markets/home market
4. Accessing the right combination of finance
5. Navigating infrastructure

BHAG/VISION

150 cities x **150** companies/each
for a total of
22,500 companies participating

"Scaling up a significant business requires precisely the kind of discipline and focus detailed in Verne's practical and 'how-to' driven book."

Scott Farquhar
Co-founder and CEO



THE ScaleUpU ECOSYSTEM

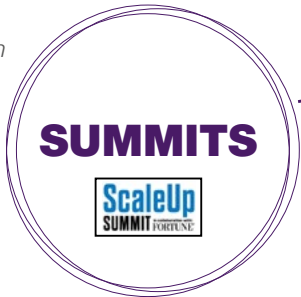
With the success and growth over years, Gazelles is transitioning to ScaleUpU helping scaleups to develop the skills they need to turn startups into engines of job creation. ScaleUpU offers executive education, quarterly education and strategic planning sessions for scaleup leadership teams, and accredited online courses for leaders and employees to help them build their own robust ScaleUp ecosystems.



"Verne delivers more value per page than anyone else in the business."
– Henry McGovern,
co-founder and Chairman of
AmRest

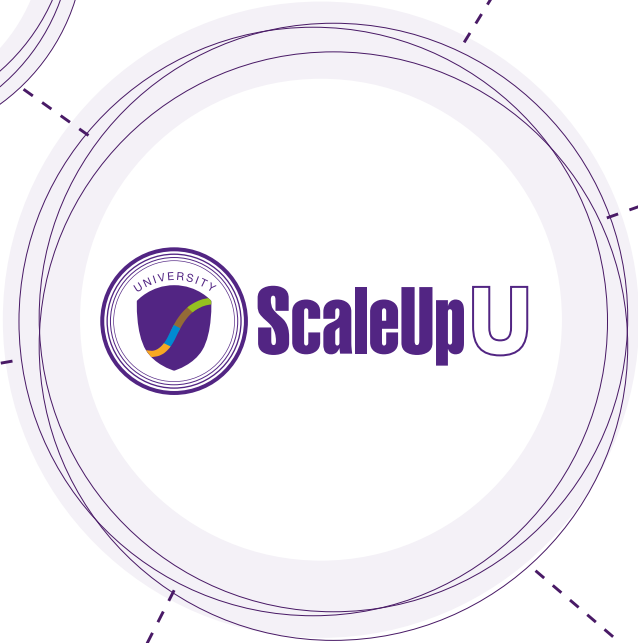


"We will never miss a Growth Summit again! The lost opportunity costs are simply too great."
– Phil Miner Chairman,
Miner Holding, Co.



"Our leadership team and organisation has gained an incredible alignment from completing the ScalingUp course, and it has been a fantastic learning experience. For many of the team this was their first exposure to this level of strategic planning and people/cash management. As a result of completing this course with a broader group in the business, for the first time, we now have a clear and articulated purpose, BHAG and 3 – 5 year thrusts"

– Glenice Riley, FAB Group



"It took some floundering to navigate the path of attempting to apply the Habits by ourselves but we then signed up for a Rockefeller Habits workshop and started working with your coach Ron Huntington. The results have been completely as expected—phenomenal. As a result of our success, I now actually have the time to work on my business (and myself). Thanks to Gazelles for being a huge part of our success at P2P!"

– DAN ROGERS, President/CEO
Point to Point Transportation
Services, Inc.



"The Align software is top notch. We use 30+ software systems company-wide and I believe Align is in the top 5 (along with email, QuickBooks, and Salesforce) needed to run a successful business. It combines people and accountability, the secret recipe for business success."

– Jenn Ash,
Advantage Media



"Last year was nothing short of transformational. Our Gazelles coach uncovered our unquestioned assumptions and helped us consistently focus on execution and accountability amidst rapid growth. This revolutionized the way the organization communicates, works, and makes impact in the world."

– Rod Brooks, CEO Stop Hunger Now

ScaleUp HIGHLIGHTS

Kraft Enterprise Systems, Brentwood, TN

At Kraft Enterprise Systems in Brentwood, TN, Managing Director Meredith Schultenover has used the Align system—focused around methodologies to create alignment in an organization—to scale the business. Kraft helps fast growing and mid-size businesses deploy business management software solutions. Under Schultenover's leadership, the firm has made a shift in markets to more cloud-based solutions, specializing in business management software solutions, such as NetSuite, Adaptive Insights, and Microsoft Dynamics GP.

Meredith Schultenover
Managing Director



ScaleUp HIGHLIGHTS

North Carolina Chamber, Raleigh, N.C.

The North Carolina Chamber turned around its shaky finances and focus—and tripled its revenue without adding staff. What helped the nonprofit business advocacy organization win public recognition as one of the best chambers in the country: A one-page plan to double its size within five years, monthly key performance indicators, updated core values, hiring A players, and better communication with core customers.



THE **ScaleUpU** ECOSYSTEM

CONTENT

GAZELLES, INC.
founded in 1997

44 Summits Worldwide

250K ^{over} Copies of *Mastering the Rockefeller Habits*

200K Copies of *Scaling Up*

25 Countries shipped to

14 Translations of *Scaling Up*

Purpose:
Help the leaders who scaleup companies – and their families and teams that support them – you are the engines of our economies and the source of our freedom.

COACHES

GAZELLES INTERNATIONAL COACHES
Incorporated in 2010

45 Continuous hours of education (average/year)

120 Metro areas worldwide

2K Clients/Companies

\$28m Revenue average of companies

281 Employees/Company

Purpose:
Impact – Make a Difference Together.

BHAG (vision):
The Right Number of Coaches in the top 150 Global Business Markets.

EDUCATION

GAZELLES GROWTH INSTITUTE
founded in 2013

6 Master Business Courses

165 on demand seminars (110 english + 55 spanish)

80 Thought leaders/ faculties

38K Community of Students & Alumni

188 Graduates

Purpose:
Make your future better than the past.

BHAG (vision):
Help 1Mill entrepreneurs achieve their goals.

SOFTWARE

ALIGN
founded in 2012

284K Priorities Completed

8,007 Subscribers

50 States and DC

64 Different Countries

500 Trials started in just the first two months of 2017

Purpose:
Leverage the power of *purpose, alignment* and *accountability*.

BHAG (vision):
+10Mpd = 10,000,000 Priorities DONE

SOCIAL SECTOR

GAZELLES SOCIAL SECTOR
founded in 2015

Over the past several decades, the four decisions resonated with social sector professional and lay leaders. Non-profit and educational organizations adopted Scaling Up best practices to increase the performance of their organizations and enabled them to grow quickly. Interest has been so great in the social sector, that *Scaling Up* was rated the #1 nonprofit strategy book by Amazon.

Purpose:
Empowering the Social Sector to have Greater Impact and Freedom.

BHAG (vision):
500 social sectors adopt by 2020 – #1 brand for mid-size social sector organizations by 2025.



ScaleUp HIGHLIGHTS

Purity Life Health Products, Acton, Ontario Canada

Purity Life Health Products dramatically scaled up profits on its more than \$63 million in revenue by focusing on a simple brand promise. Employees at the once-unprofitable distributor of natural health products wear the words “Easy to do business with/path of least resistance” on wristbands and see it under their email signatures every day. Constant reminders of the brand promise are part of a comprehensive program that includes a one-page strategic plan, a tiered customer service program in which the largest and most profitable customers now have the fastest turnaround time, and peer accountability.

Matthew James
President and CEO

ScaleUp HIGHLIGHTS

Ventura Air Services, Farmingdale, N.Y.





Nick Tarascio needed to act quickly to revive Ventura Air Services in Farmingdale, NY. Tarascio’s parents had started it as a tiny flight school with one airplane in 1982. With Tarascio working in an executive capacity since 1994 and becoming CEO in 2007, at age 27, they grew the firm — which offers charter flights, flight training and aircraft maintenance — to more than 30 employees. Then the global financial crisis hit—and the firm hit a rough patch. Tarascio worked with a coach to align the team around the company’s core values, paring down its team and improving the firm’s operating margins. Profits rose 33% in one year and today the firm is thriving.




















































































































































Nick Tarascio
CEO



ScaleUpU GLOBAL FACTS

ScaleUpU is creating an alliance of partners skilled in all aspects of scaling up companies and the ecosystems that support them around the globe. Through our work on university campuses, on site at companies and online, we have built a network of scaleups around the world.

-  Verne's Speaking Event
-  Workshops and Summits
-  220 Coaches worldwide
-  Books Distribution
MRH and Scaling Up

Alaska 	China    	Greece 	Latvia 	Poland  	Spain    
Antigua and Barbuda 	Colombia   	Guatemala    	Luxembourg 	Portugal 	Suriname  
Argentina  	Costa Rica   	Hawaiian Islands 	Malaysia    	Puerto Rico 	Sweden  
Australia    	Cyprus, Republic of   	Honduras  	Malta 	Qatar   	Switzerland 
Austria 	Czech Republic  	Hungary  	Mexico  	Republic of Hong Kong  	Taiwan (R.O.C.) 
Bahamas 	Denmark 	India 	Morocco 	Romania 	Thailand 
Bahrain 	Egypt  	Indonesia (Java) 	Netherlands    	Russia  	Turkey 
Balearic Islands 	El Salvador 	Ireland    	New Zealand    	Saint Kitts & Nevis  	UAE  
Belgium 	Finland 	Italy  	Norway 	Saudi Arabia   	Uganda 
Brazil   	France  	Jamaica 	Oman 	Senegal 	United Kingdom  
Bulgaria    	Gambia 	Japan  	Panama 	Sharjah 	United States   
Burma (Myanmar) 	Germany    	Kazakhstan 	Peru  	Singapore   	Vatican City 
Canada    		Kuwait 	Philippines  	South Africa    	

ScaleUp HIGHLIGHTS

Geographe Enterprises, Perth, Australia

When Sam Hyder took over Geographe Enterprises, the 48-year-old firm his grandfather started, it was struggling. Geographe designs and manufactures aftermarket parts for mining equipment, distributing it throughout Australia, Indonesia and South Africa. With the mining industry in a slump as Hyder began leading Geographe in 2012, demand for its products had dropped, and by 2013, revenue dove from USD \$20.5 million to \$16.7 million. By learning how to keep Geographe profitable on a daily basis, he put the company on track for \$30 million in revenue in 2016.

Sam Hyder, CEO



ScaleUp HIGHLIGHTS

Andes Global Trading, Miami, FL

When childhood friends Santiago Manzur and Ivan Orrego started their meat trading business, Andes Global Trading, its growth took off faster than they anticipated. That created some unexpected hazards until they got their hiring process right using Topgrading. Today, the business, which made its first sale in 2011, generates \$72 million annually selling meat in Mexico and other parts of Latin America.

Santiago Manzur (left)
and Ivan Orrego



MID MARKET RESEARCH SUMMARY

The National Center for the Middle Market at the Ohio State University Fisher College of Business defines middle market businesses as those companies with revenues between \$10 million and \$1 billion per year. The following mid-market research demonstrates the similar growth opportunity for Scaleups.

Middle market companies are critical to the growth of economies around the world. In the U.S., for instance, middle market firms only make up 1% of U.S. businesses but account for 21% of business revenue and employ 28% of the private sector workforce, according to recent research by [American Express](#) and [Dun & Bradstreet](#).

As of the fourth quarter of 2016, 56% of middle market companies projected positive revenue growth, according to the [National Center for the Middle Market](#). Middle market firms were projected to see 5.5% revenue growth and 3.4% employment growth in the next 12 months. Middle market firms accounted for nearly 33% of private sector Gross Domestic Product.

In the U.K., a boost of just 1% to the scaleup population could drive an additional 238,000 jobs and £38 billion (USD \$47.7 billion) to Gross Added Value within three years, according to an analysis by the Royal Bank of Scotland cited in [The Scaleup Report](#) on UK Economic Growth. In the long-term, the U.K. could gain 150,000 net jobs and £225 billion (USD \$282.7 trillion) GVA by 2034, according to Deloitte.

As more cities around the globe identify potential scaleups and help them reach their potential, we firmly believe they can reap similar economic benefits.

“Competitive advantage doesn’t go to the nations that focus on creating companies, it goes to nations that focus on scaling companies.”

– Sherry Coutu CBE

Sherry Coutu is a serial entrepreneur and angel investor who serves on the boards of companies, charities and universities. She chairs Founders4Schools and is a non-executive member of Cambridge University (Finance Board), Cambridge Assessment, Cambridge University Press and a NED of Zoopla and the London Stock Exchange Group.

ScaleUp HIGHLIGHTS

[J2T Recruiting Consultants](#), Denver, CO

After building J2T Recruiting Consultants in Denver into a thriving firm, founder Julie Scates had to weather the Great Recession, when employment fell off a cliff. Rather than try to return the firm to its former identity, she reinvented it. By using the Align System to track overall priorities and organize daily activities, Scates has managed to expand the company and revenue while enabling most of her team to telecommute successfully.

Julie Scates
President and Founder



REVENUE GROWTH

Revenue growth rates hover around the long-term average

Middle market revenue growth remains healthy with most companies saying it has increased since last year (2016). However, after spiking to 7.2% last quarter (Q2 2016), the rate of growth settled back to 6.3% and is currently in line with the long-term average growth rate. The largest middle market companies, which have been driving growth rates for the past year, reported a sharp decline this quarter, from 8.5% to 6.0%. Manufacturing, wholesale, and retail trade companies also reported decreases in their rates of year-over-year revenue growth.

Despite this slowdown, projections for future growth continue to inch up and expectations are at the highest levels since mid-2015. Half of middle market firms anticipate increases in revenues in the year ahead, while only 5% forecast a decline. Middle market leaders at smaller firms express the greatest optimism for the next 12 months. Likewise, services, manufacturing, and healthcare companies have particularly positive expectations.

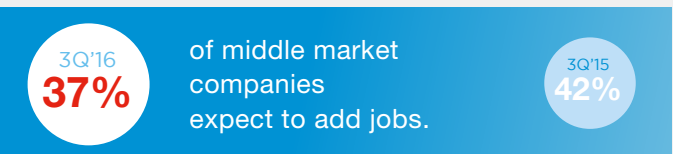


EMPLOYMENT GROWTH

Employment growth accelerates

About four in 10 companies report increases in year-over-year employment. At 4.9%, the rate of employment growth is near the MMI's all-time reported high and is well above the long-term average growth rate of 3.3%. Companies at both ends of the middle market revenue spectrum, and the largest middle market businesses in particular, are driving the acceleration. What's more, every industry, with the exception of manufacturing, is currently adding workers at a faster rate than one year ago.

At 4.0%, expectations for future employment growth are the highest ever reported by the MMI, although the number of companies saying they will increase employment is down slightly. The largest middle market firms are most optimistic. About a quarter of large firms believe their existing workforce is insufficient for meeting market conditions, and some 40% plan to increase employment by an average of 5% in the year ahead.



*3Q numbers include only companies who have reported 3Q earnings results. Numbers change as more businesses report financial results.

MIDDLE MARKET

PAST 12 MO.

3Q'16

6.3%

2Q'16 7.2%

3Q'15 7.2%

NEXT 12 MO.

3Q'16

4.9%

2Q'16 4.8%

3Q'15 4.1%

S&P 500

PAST 12 MO.

3Q'16

2.5%*

2Q'16 1.2%

3Q'15 -6.2%

MIDDLE MARKET

PAST 12 MO.

3Q'16

4.9%

2Q'16 4.4%

3Q'15 4.1%

NEXT 12 MO.

3Q'16

4.0%

2Q'16 3.3%

3Q'15 3.2%

ADP [PAST 12 MO.]

LARGE CORP.

3Q'16

2.3%

2Q'16 2.3%

3Q'15 1.7%

SMALL BUS.

3Q'16

1.8%

2Q'16 1.9%

3Q'15 2.4%

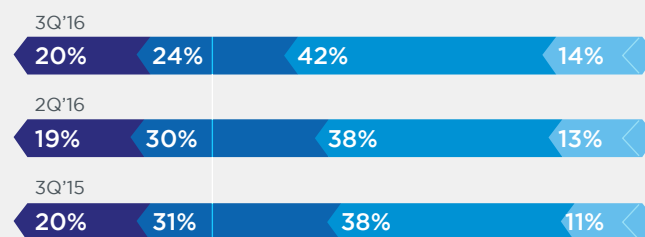
ECONOMIC CONFIDENCE

Global confidence recovers

For the past year and a half, middle market leaders' confidence in their local and national economies has been relatively stable with a large majority of leaders expressing positive opinions on the state of affairs in their immediate area and throughout the country. This quarter, eight in 10 companies are satisfied with economic conditions closest to home. Nearly three quarters (72%) of businesses have a positive outlook regarding the national economy.

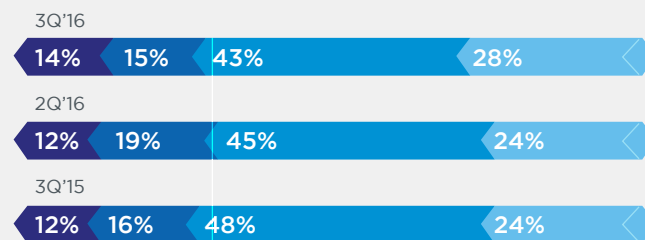
Since plunging in mid-2015, confidence in the global economy appears to be recovering and is nearing the highest levels reported by the MMI. As always, global confidence lags behind local and national confidence. However, this quarter, a majority of middle market leaders report a comfort level with current economic conditions around the world. In fact, despite Brexit, weak growth in China, and other sources of global disquiet, confidence in the global economy jumped from 50% last quarter (Q2 2016) to 56% today (Q3 2016).

GLOBAL ECONOMY



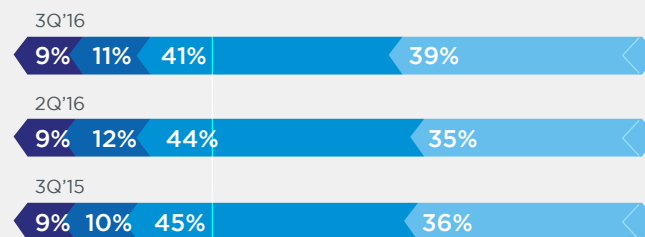
3Q'16
56%
CONFIDENT /
SOMEWHAT CONFIDENT
2Q'16 50% 3Q'15 49%

NATIONAL ECONOMY



3Q'16
71%
CONFIDENT /
SOMEWHAT CONFIDENT
2Q'16 69% 3Q'15 72%

LOCAL ECONOMY



3Q'16
80%
CONFIDENT /
SOMEWHAT CONFIDENT
2Q'16 79% 3Q'15 80%

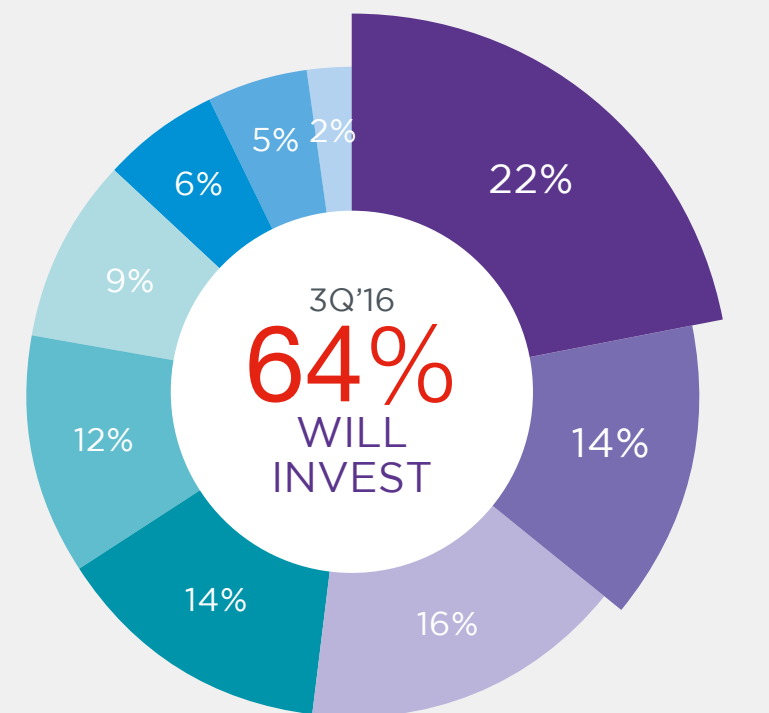
Not confident Somewhat not confident Somewhat confident Confident

CAPITAL INVESTMENT

Appetite for investment stays strong

Approximately two-thirds of middle market companies continue to report that they would invest extra dollars, while a third of businesses prefer to save their money. Core middle market businesses are the most likely to hold on to cash while the largest mid-sized firms are the most likely to invest it. Most of the savers prefer to hold more cash; however 14% of companies say they would stow it away for future financial investments. Investment appetites would shrink if interest rates rise. Twenty-nine percent say they would be likely to reduce capital investment, 28% would slow down hiring, and 25% would increase cash reserves.

ADDITIONAL INVESTMENT ALLOCATION



- Hold Cash
- Hold it For Investing
- Capital Expenditures (Plant or Equipment)
- Information Technology
- Acquisitions
- Capital Expenditures (Facilities)
- HR (More Personnel)
- HR (Training & Development)
- Other

Research Summary: Research highlighting Revenue Growth, Employment Growth, Economic Confidence, Capital Investment and Key Challenges provided by the National Center For The Middle Market.

ScaleUp HIGHLIGHTS

Temple Lifestyle, Montreal, Canada

Coconut water purveyor Temple Lifestyle grew revenue by 34% in one year by having its executive team unburden a CEO stretched thin by doing too much. Working with a coach, the company behind brands such as Thirsty Buddha coconut water created a five-member executive team and used a form called the Function Accountability Chart to re-assign key responsibilities from CEO Chris Magnone to its employees. This approach has helped turn this startup into a scaleup, with revenue growing from \$2.5 million in 2013 to \$5.5 million in 2015.



ScaleUp HIGHLIGHTS

Atlassian, Sydney, Australia

As Australian software company Atlassian has scaled beyond 1,500 people, CEOs Scott Farquhar and Mike Cannon-Brooks have kept a close eye on employee happiness—a metric critical to retaining top talent. The company created an internal app called MoodApp for iPads and scattered them throughout its headquarters, including one to the side of the elevator. On their way out, employees answer questions like “How are you feeling today?” and “Do you think Atlassian is a fun place to work?” A question about how much feedback employees get from their managers uncovered deficits and led the company to use leadership development training to improve the situation.

Scott Farquhar and Mike Cannon-Brooks Co-CEO's



ScaleUp HIGHLIGHTS

Bradford Airport Logistics, Houston, Texas

Not many firms can say they employ hundreds of team members who are doing incredible things. Fast-growing Bradford Airport Logistics, a firm critical to keeping airports safe from terrorism, collects 300 success stories of its team members each year through an innovative system for recognizing those who delight its customers with unique employee-recognition coins. The company has grown to \$30 million in revenue since 2001 and was named 2016 Supplier of the Year for Heathrow International Airport.



Benjamin Richter and
CEO & Founder

ScaleUpU GOALS

BHAG/VISION

150 cities x

150 companies

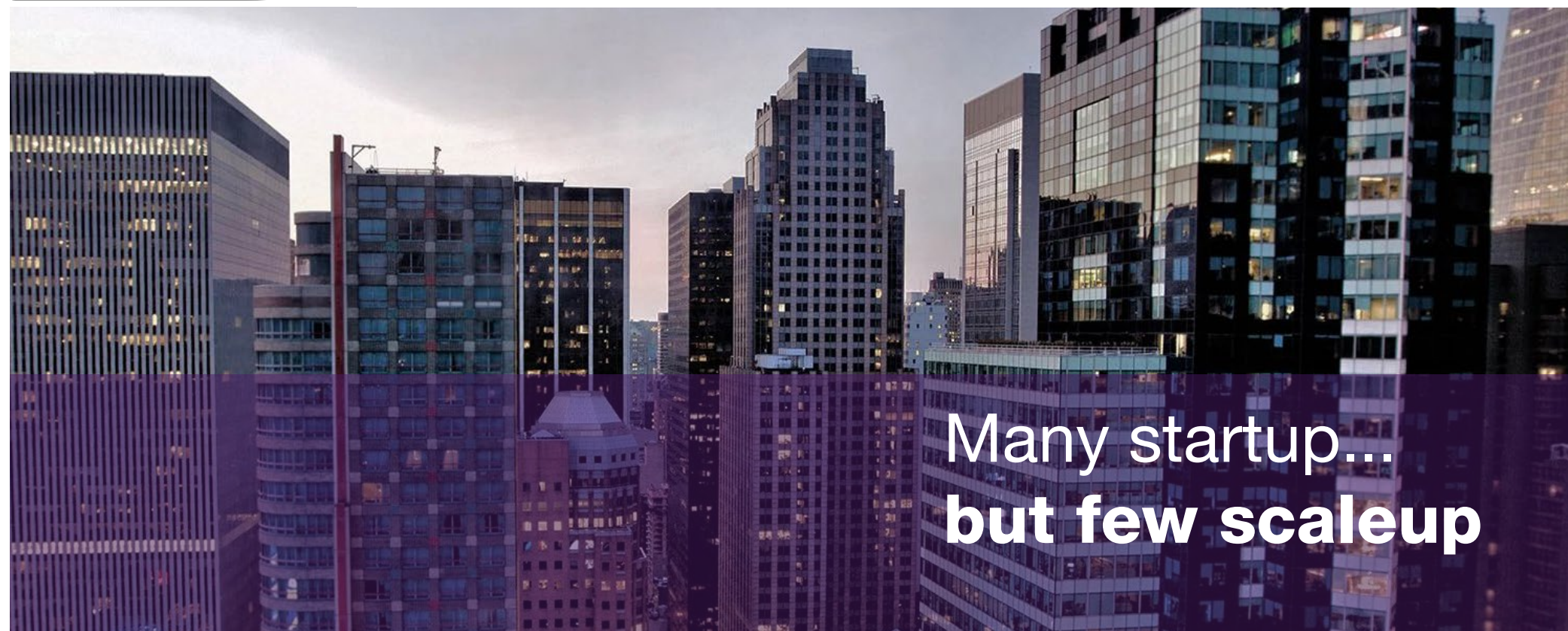
for a total of

22,500 companies

For more information go to
scaleupinstitute.org

The three expected outcomes and benefits to each city/region include:

1. Putting one of the selected firms on a strong trajectory to \$1 billion in revenue – adding an important anchor firm to the city and broader business community.
2. Helping five to 10 companies scale and then exit for a combined \$1 billion to \$3 billion – adding significant wealth to the community.
3. Assisting 70% – 80% of the remaining 140 firms to increase their size 3x to 10x.



Many startup...
but few scaleup

