



*Inc.* The Handbook of the American Entrepreneur

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**ENTREPRENEURIAL AMERICA: A COMPREHENSIVE LOOK AT TODAY'S FASTEST-GROWING PRIVATE COMPANIES**

**Eighty-Eight Percent of Entrepreneurs Report They Are Millionaires**

**Eighty-Eight Percent Experienced Increased Healthcare Costs – 36% Report An Increase of 11% Or More**

**Only 4% Report Assistance from the SBA or Other Government Funds**

**NEW YORK, August 23, 2007** – *Inc.* magazine and Inc.com today announced the rankings of its first-ever Inc. 5,000 list of the fastest-growing private companies in the country. The Inc. 5,000, an extension of *Inc.* magazine's annual Inc. 500 list, provides the most comprehensive look at the most important segment of the economy – America's independent-minded entrepreneurs. Taken as a whole, these companies represent the backbone of the U.S. economy. Complete results of the Inc. 5,000 can be found at [www.inc.com/inc5000](http://www.inc.com/inc5000).

To provide a comprehensive look at entrepreneurship today, Inc. surveyed Inc. 5,000 CEOs (2,710 responded) to present the most detailed look at entrepreneurial America as a whole. The survey paints a picture of who today's top entrepreneurs are, what motivated them, the external challenges they face, and how they compete with big business.

**TODAY'S ENTREPRENEURS:**

Despite popular belief, frustration/unhappiness with working for someone else (20%) and unemployment (3%) were not top motivators for starting their own company. Today's most successful entrepreneurs were drawn to starting their own company by the challenge of building a business (44%) and their belief that it was the best route to financial independence (30%). And judging from the survey results they were right. In 2003, 52% of respondents were millionaires, and in 2006 the majority (88%) stated they are now millionaires – a 36 percentage point increase. The majority of entrepreneurs are self-financed (82%) while only 4% received assistance from the SBA or other government funds.

Today's entrepreneurs are forward-thinking, as 97% plan to add staff in the next 12 months. Forty-seven percent plan to start another company in the future, and 7% plan on taking their company public in the future. The nation's top entrepreneurs credit good employees (67%), hard work (37%), and an effective strategy (36%) as the top factors that lead to their success.

**How do the nation's top entrepreneurs raise startup capital?**

Self-financed	82%
Loans from friends, family, or business associates	22%
Bank loans	18%
Lines of credit	18%
Venture capital	8%
SBA or other government funds	4%

**What motivates entrepreneurs to start their own business?**

The challenge of building a business	44%
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Believing it was the best route to financial independence	30%
Demand for product/service	25%
Creating a high-growth company	24%
Working independently	20%
Frustration/unhappiness with working for someone else	20%
Laid off/unemployed	3%

#### How much money do entrepreneurs make - 2003 vs. 2006?

	2003	2006
Under \$100 thousand	41%	8%
\$100 thousand to \$249.9 thousand	40%	43%
\$250 thousand to \$499.9 thousand	12%	27%
\$500 thousand to 999.9 thousand	5%	15%
\$1 million to \$2.9 million	2%	6%
\$3 million or more	1%	2%

#### What is an entrepreneur's net worth - 2003 vs. 2006?

	2003	2006
Under \$1 million	48%	12%
\$1 million to \$4.9 million	38%	50%
\$5 million to \$9.9 million	8%	21%
\$10 million to 24.9 million	4%	11%
\$25 million or more	3%	6%

### **EMPLOYEE BENEFITS/INCREASING HEALTHCARE COSTS**

Despite rising healthcare costs, the majority of entrepreneurs offer health insurance to their employees (95%). On average, the majority (88%) have seen an increase in healthcare costs from 2006 – 2007, with 36% reporting an increase of 11% or more. Fifty-three percent of CEOs surveyed plan to explore alternatives – including flexible spending and health savings accounts – to cover increasing healthcare costs.

#### What benefits do entrepreneurs offer their employees?

Health insurance	95%
Retirement plan/401(k)	84%
Health savings accounts	31%
Personal Benefits	
• Stock Options	23%
• Profit Sharing	39%
• Transportation	19%
• Gym	19%
• Day Care	2%

#### Healthcare cost changes for entrepreneurial companies - 2006-2007:

	2006 - 2007
Remained the same	9%
Increase 1-5%	20%
Increase 6-10%	31%
Increase 11% or more	36%
Decreased	3%

#### How do entrepreneurs plan to deal with or cover increasing healthcare costs?

Explore alternatives (e.g. flexible spending or health savings accounts)	53%
Increase marketing and sales efforts	34%
Cut costs elsewhere	19%

No change

19%

**GLOBAL ENTREPRENEURSHIP:**

Seventeen percent of entrepreneurs maintain offices in countries or regions outside the U.S. Among those entrepreneurs with international offices, Western Europe (44%) and India (26%) are cited as the top locations. Among those who conduct business internationally (45%), Canada (62%) and Western Europe (60%) are reported as the most popular. Twenty-four percent of the nation's top entrepreneurs outsource work to companies located outside the U.S., among those who outsource internationally, India (46%) and China (32%) were cited as the most popular countries/regions.

**What are the top countries/regions they maintain offices or locations?**

***Among those entrepreneurs who indicate they maintain office locations outside the U.S. (17%)***

Western Europe	44%
India	26%
Canada	23%
China	18%

**What are the top countries/regions they conduct international business?**

***Among those entrepreneurs who indicate they conduct international business (45%).***

Canada	62%
Western Europe	60%
Mexico	39%
China	36%
Latin America	32%
Australia/New Zealand	32%
India	29%

**What are the top countries/regions they currently outsource?**

***Among those entrepreneurs who indicate they outsource (24%).***

India	46%
China	32%
Western Europe	18%
Canada	16%

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