

Small Business, Big Impact: How Forbes ‘Small Giants’ Build Their Legacies

Every year, Forbes publishes a feature that it calls Small Giants. The article highlights 25 small businesses “that value greatness over growth.” These companies aren’t the biggest ventures in the world, and they aren’t aiming to be. Instead, they are model businesses in every way possible, from structure to profits to employee morale to community contributions and outreach. How did these companies build the kind of reputations necessary to catch the eye of the contributors and editors at Forbes? This white paper will answer that question, drawing from the 2017 and 2018 Small Giants lists to reveal the hiring practices and business strategies that have allowed these organizations to thrive.

The Criteria

How does Forbes choose businesses to highlight as its Small Giants? Here are some of the characteristics Forbes has said that its team looks for when compiling this unique list.

- Businesses that aren’t just focused on growth and profit: For any business, growth and profits are important. However, growth can prove to be a double-edged sword when it becomes unsustainable, while the pursuit of profit alone can lead a company to abandon its values and goals. Forbes states that its Small Giants are companies that “aren’t opposed to growth—just to growth at all costs.” This point is an important one to note for an age in which many consumers are suspicious of or even downright hostile toward the suggestion of corporate greed.
- Stable businesses: In the introduction to its 2017 Small Giants list, Forbes contributor Bo Burlingham wrote that all 25 businesses on the list had “sound models, strong balance sheets, and steady profits.” The companies that Forbes chooses are stable, have been profitable for many years, and are poised for continued success in the years to come.
- Businesses that value community involvement: Many of the entries for the businesses featured on the Small Giants lists talk about the community outreach, involvement, or charity activities that businesses undertake regularly. Forbes values businesses that give back to the communities that grew them.

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- Businesses that are respected and revered: The companies that Forbes selects may not be national household names. However, these businesses are also not under-the-radar or unknown commodities—they are well-known and well-regarded in their communities and are frequently recognized as outstanding by others in their industry. “They do things any business can learn from,” Burlingham wrote in 2017.

This white paper will focus on a few of the business policies Small Giants have implemented successfully that any business might be able to incorporate or learn from for future improvement.

The Companies

We have selected six of the 50 businesses that Forbes named “Small Giants” in the past two years. In each case, we provide a brief overview of what the company does and highlight one or two practices or policies that set the business apart. If you are interested in reading about other businesses that have earned the Small Giant designation, you can access the official Forbes 2017 list and 2018 list.

1. Vital Farms

The Overview: Based in Austin, Texas, Vital Farms is an industry leader in farming humane, pasture-raised eggs and butter. The company has gotten its eggs into major stores including Walmart, Target, Kroger, and Amazon Fresh, reaching beyond the usual organic food market at chains such as Whole Foods. They’ve done it without lowering prices or sacrificing their ideals, in part because of private equity investments. In 2017, Vital Farms tracked \$100 million in revenue with 110 employees on the payroll.

The Selling Point: What sets Vital Farms apart for both consumers and employees is the company’s unerring belief in its own mission of selling organic, humane, non-GMO products. The business takes outside investments but offers “periodic liquidity events” to allow investors to get their money back. This practice—along with diversifying across multiple investors rather than giving one person or entity too much stake—has allowed owner Matt O’Hayer to keep control over the business, its growth, and its mission. Employees at the business can take comfort in knowing that its sustainable, socially-conscious values will stay in place for the long haul.

2. StickerGiant.com

The Overview: StickerGiant.com sells custom stickers and labels via an easy-to-use website. Customers can upload their own artwork, get price quotes, approve design proofs, and initiate production online. StickerGiant prides itself on quick production and free, next-day shipping. The company’s ease of use combined with an engaged social media marketing strategy has allowed StickerGiant to earn hundreds of new customers every week. When Forbes featured the company on its 2017 Small Giants list, StickerGiant was aiming for 400 new customers per week. In 2016, the business had 300 new customers each week.

The Selling Point: StickerGiant makes it clear that its employees are heard and valued. Every week, the business holds a companywide meeting during which employees “go over the financials, hear customer feedback, air concerns, and express appreciation for one another.” These meetings help maintain a “close-knit culture” grounded in respect, strong employee relationships, and shared vision.

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3. Motawi Tileworks

The Overview: This Ann Arbor, Michigan company employs dozens of artists and artisans who work to create unique art tile pieces. From one-off tiles to beautiful fireplace spaces and kitchen backsplashes, the business offers a versatile array of services and products under its tilework umbrella. The company employs a “Toyota Style Production” methodology which focuses on lean manufacturing processes. Rather than keeping a large inventory of products on hand, Motawi Tileworks only manufactures tile pieces that are needed to fulfill orders. This practice helps reduce waste and protects profitability and stability.

The Selling Point: In addition to providing full-time work for dozens of specialized ceramic artists—certainly a unique factor—Motawi Tileworks has been recognized for its employment practices. The company culture emphasizes positivity and encourages learning and improvement. The business seeks to fill every position with people who are passionate about the work and “care about doing a good job.” These factors—along with a focus on cultivating a fun workplace—lead to a vibrant company culture defined by shared artistic ideals. Even employee terminations are handled “with empathy,” according to the company website. Owner Nawal Motawi is also transparent about the business’s performance, giving employees a look into the company’s finances and offering bonuses based on profits.

4. Amy’s Ice Creams

The Overview: Established in 1984, Amy’s Ice Creams is a chain of ice cream shops in Texas that serve artisan, handcrafted ice creams. The company has been profitable since its inception and has become a fixture in Texas communities not just for its “super premium” ice creams but also for its range of flavors. Most ice cream shops have a few dozen flavors to choose from, at maximum; Amy’s has more than 350 in rotation. There are 12 locations in Austin where Amy’s first got its start. There are also locations in Houston and San Antonio.

The Selling Point: Working at Amy’s Ice Creams isn’t just a job; it’s a crash course in running a business. Even entry-level servers can take classes to learn leadership, management, and customer service. These programs are designed to earn employees what owner Amy Simmons calls “the MBAmy.” Employees also trade off shift management responsibilities to gain on-the-job experience. Even the application process is unique. Rather than having a traditional job application, Amy’s gives prospective candidates a white paper bag and asks them to “bring back something creative.” “We would like you to express your artistic and creative side through this bag,” the company website explains. “Decorate it, make it into an object, write an original song on it, fill it with amazing things. Show us who you are through the paper bag.” This innovative applications strategy helps pave the way for the relaxed, creative work environment that exists at Amy’s stores while opening the door to candidates of all backgrounds and experience levels.

5. Comfort Research

The Overview: Located in Grand Rapids, Michigan, Comfort Research designs and manufactures bean bag chairs. As the brand name indicates, Comfort Research is committed to innovating the design of its chairs to maximize comfort. The business also aims to minimize environmental impact in everything from product development to packaging.

The Selling Point: Comfort Research donates 10 percent of its profits to local charities that “bring comfort to people and neighborhoods in need.” It seeks to play a role in criminal justice reform and the fight against recidivism by employing ex-offenders who struggle to find jobs elsewhere. Comfort Research has several employee awards that

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help celebrate and encourage top performance, good morale, and retention. These awards refer to the company's three core values: Find a Better Way, Expect the Best, and Do the Right Thing. The Find a Better Way award, or FAB, recognizes employees that are helping to make "a significant improvement in the company." The Do the Right Thing award, or DTRT, honors employees who "go above and beyond to help someone else"—either in or out of work. These awards are tied to bonuses worth between \$1,500 and \$10,000. Such policies have led to "an infectious culture of passionate and empowered people."

6. Marlin Steel

The Overview: Once a manufacturer of metal bagel baskets, Marlin Steel faced big challenges as low-carb diets became all the rage around the turn of the century. To survive, the company pivoted its metalwork operations to serve industries including defense, aerospace, healthcare, and automotive. The pivot required Marlin Steel to invest large sums of money in automated robotic equipment, but the investment ultimately proved fruitful. The company's reinvention led to big clients (including Boeing) and just-as-big revenues (\$5 million in 2017 with just 32 employees on the payroll).

The Selling Point: Education and professional development are big focuses for Marlin Steel. A full one-fifth of Marlin's employees are highly educated mechanical engineers. The remaining 80 percent of employees find plenty of support as they seek to move forward (and upward) in their careers. The company pays for 100 percent of its employees' continued education and gives automatic raises when employees gain new, valued skills.

The Lessons

Just glancing at the policies and successes of these six businesses—each completely distinct from the next—it's easy to identify multiple lessons that other companies can extract and apply. Here are just a few of the valuable takeaways that businesses can infuse into their own strategies.

- **Company values matter:** What does your business stand for? At this point, it's common knowledge that consumers value businesses that are environmentally and socially conscious. A Nielsen report from 2015 found that 73 percent of millennials were willing to pay more for products from companies that had embraced sustainability. Employees and job seekers value these things, too. People want to feel good about the companies that employ them and the work that they do each day. As Vital Farms can attest, establishing a strong, well-defined set of values—and sticking to it no matter what—can help your business to win the esteem of customers and employees alike.
- **Employees need to feel like they matter:** One of the greatest things about running a small business is that it's possible to make every employee feel recognized, heard, and valued. Inevitably, in a large corporation, some employees end up feeling like cogs in a big machine. Policies similar to what StickerGiant has in place with its regular company-wide meetings can help SMBs to avoid this outcome. When employees feel like they have voices, they take more ownership of their work and are more likely to stick around for the long term.
- **Rewarding employees can boost performance, morale, and retention:** One way to make employees feel as though they matter is to recognize (and reward) their accomplishments. This policy can take many forms, from establishing workplace rewards (like Comfort Research has done) to giving profit-

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based bonuses based on strong company performance (as Motawi Tileworks does). Giving credit where credit is due will help to inspire strong performance, elevate employee morale, and assist with employee retention.

- Professional development is a must: Especially in today's vibrant economy and opportunity-rich job market, professionals are looking for jobs that will help them to grow and reach their goals. Focusing on professional development as a core benefit of your organization will help you to attract top talent, keep employees around for longer, and increase your workforce's value to your business over time. Businesses like Amy's Ice Creams and Marlin Steel are making employee education and development a cornerstone of their business models, to great effect.

Another important factor to consider is hiring and employee vetting. Amy Ice Creams, with its innovative "paper bag" strategy, shows that it is possible to handle the hiring process in non-traditional ways. Comfort Research, meanwhile, has made hiring ex-offenders a key piece of both its mission and its corporate identity. Establishing policies such as these can grow the applicant pool and help a business stand out from the crowd. However, if your business does decide to test one of these strategies—or something comparable—it's important to remember the value of thorough vetting and background checks.

Your business is responsible for the people it hires. This point is true regardless of your values, mission, hiring philosophy, or employer identity. Just because you are dedicated to fighting recidivism by giving second chances to ex-offenders doesn't mean that you can't be held liable for negligent hiring if an employee attacks a customer. Looking for red flags—like violent crimes, sexual offenses, drunk driving, fraud, identity theft, or embezzlement—can protect your customers, your employees, the public, and the wellbeing of your business.

In addition to criminal background checks, consider verification checks (for employment, education, and professional licenses) to make sure each candidate is truthful on his or her resume. These checks and others (such as drug tests, driving record checks, and credit history checks) can protect your business from risk while still allowing you to be creative and inclusive with your hiring policies.

At backgroundchecks.com, we offer tools that are perfect for helping small- or mid-sized businesses to establish smart and thorough employee vetting policies. Contact us if you need help tailoring an appropriate background check strategy for your business.

Conclusion

With its annual Small Giants feature, Forbes honors businesses that are profitable, innovative, principled, and stable. Perhaps more than anything else, the feature recognizes companies that see value in their employees and establish policies based on fair compensation, incentivized performance, strong company culture, and long-term professional development. By adopting similar values to develop and retain top talent—and by using smart background check policies to make sure that you are hiring the right people in the first place—your business could be the next Small Giant.

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