

SPECIAL ISSUE > THE INC. 500
AMERICA'S FASTEST-GROWING PRIVATE COMPANIES

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Parson
Group
#1

500

THE LIST

BIRTHPLACE OF ENTREPRENEURIAL SUPERSTARS

On the surface, it's not immediately clear what makes Dan Weinfurter the ideal person to be running Parson Group LLC.

Even though he founded the Chicago-based business, which supplies high-level financial acumen to big companies, he's not especially keen on crunching numbers. "I can't even balance my checkbook," claims Weinfurter, 43. And though he serves as CEO, he's not a pushy, pumped-up type. Mindy Meade, the company's marketing director, says a mutual acquaintance summed up her boss best. "He said, 'He's the only type B CEO you'll ever meet,'" she recalls.

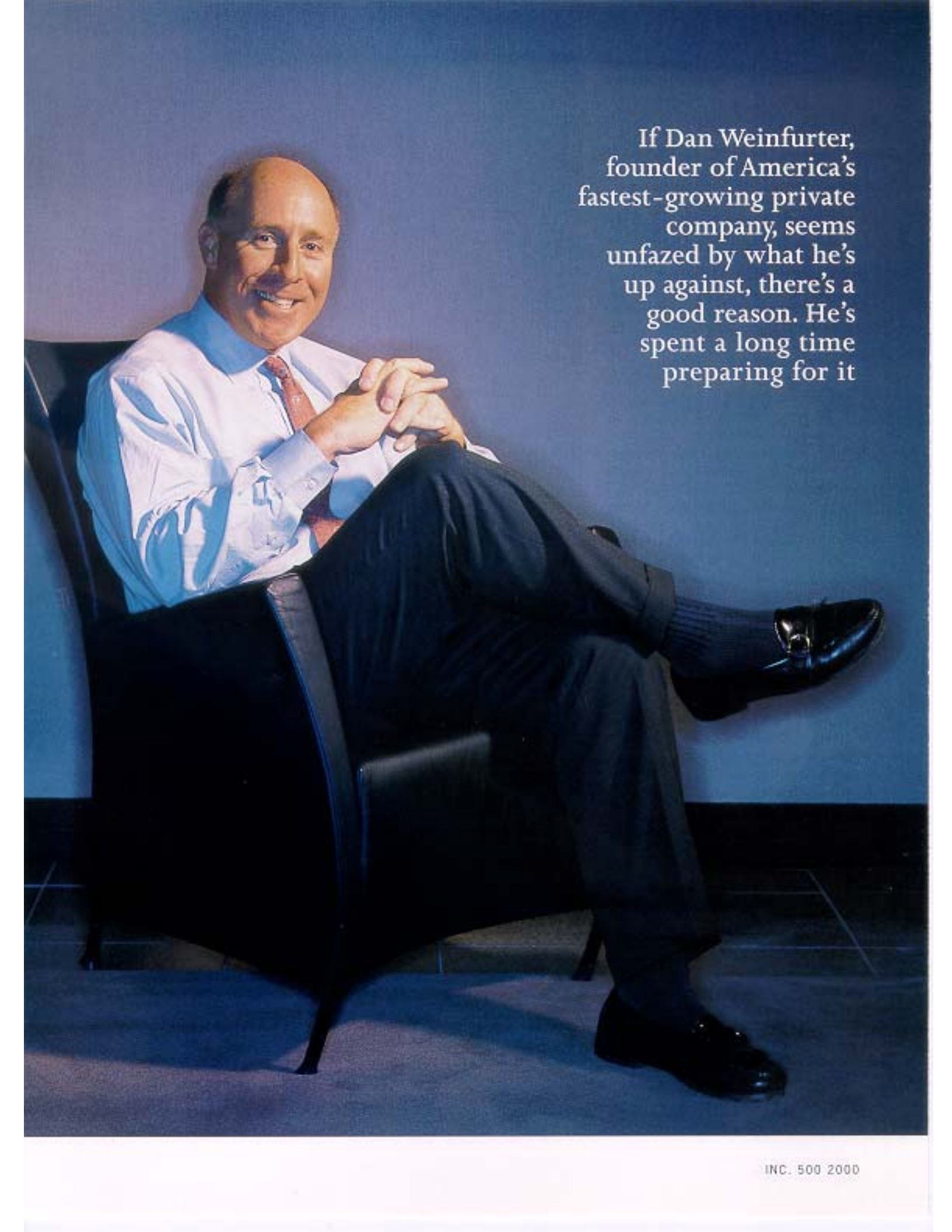
READY, SET, GROW

Yet Weinfurter, the nonfrenetic nonaccountant, feels perfectly suited to lead his employees, who now number 800. That's because he's not so much an expert in what Parson does as he is in how Parson does it—namely, grow at a supersonic rate. In the past five years, the company's revenues have swelled a staggering 27,992%, with sales skyrocketing from \$200,000 to \$56 million. That puts Parson Group, which until 1998 was known as Current Assets LLC, at the head of this year's *Inc.* 500 class.

Weinfurter, in fact, likely knows as much as there is to know about all-out, full-throttle growth. Seven years ago he served as vice-president of operations at a company that cracked the top 20 on *Inc.*'s annual list. Alternative Resources Corp., an information-technology staffing company, ranked #13 on the 1993 *Inc.* 500. (In 1994 it slid to the 140th spot.) At Alternative Resources he spotted a wide-open niche for a staffing business focused on accounting. He knew enough to move in fast, and he's never stopped moving. Geographically, Parson Group has already expanded to serve 15 cities. Strategically, Weinfurter has worked decisively to push the company in a new direction—

BY SUSAN HANSEN

PHOTOGRAPHS BY JEFF SCIORTINO

A photograph of Dan Weinfurter, founder of America's fastest-growing private company. He is a middle-aged man with a receding hairline, smiling warmly at the camera. He is seated in a dark, modern-style chair, leaning back with his hands clasped in his lap. He is wearing a light blue dress shirt, a red patterned tie, dark trousers, and black loafers. The background is a plain, light-colored wall. The lighting is soft, highlighting his face and the texture of his clothing.

If Dan Weinfurter,
founder of America's
fastest-growing private
company, seems
unfazed by what he's
up against, there's a
good reason. He's
spent a long time
preparing for it

shifting from high-end staffing and operations support to more sophisticated (and higher-margin) consulting services. "There are tons of opportunities out there," declares the Milwaukee-born Weinfurter in his signature understated fashion. "What we've done well is pick the right ones."

DAN WEINFURTER KNEW JUST WHAT TO DO when he faced a clogged-up accounting system: he sat down and wrote a one-page outline for a business plan.

At the time Weinfurter was four years into his five-year stint at Alternative Resources. He had joined the staffing company in October 1989, a year after its launch. Working at a breakneck clip, Weinfurter supervised the opening of offices in 30 new markets during the next five years and established himself as an effective leader. "He's got a quiet leadership style that makes people intuitively trust him," recalls Wayne Bock, a former vice-president at Alternative Resources.

He also inspires productivity. By 1994, when the company went public, revenues had soared to more than \$94 million. But, as Weinfurter recalls, the company's accounting and financial-reporting system wasn't equipped to handle the stringent new reporting requirements. Weinfurter watched as staffers scrambled to meet the deadlines. "I could see the struggles," he says. "It really impacted the operation." It also spurred his imagination.

At the time there were dozens of IT companies that were offering general systems staffing and consulting support, Weinfurter recalls. There were also companies, like Accountemps, whose main specialty was supplying clerical staffing help for accounting departments. But when it came to offering sophisticated assistance with budget analysis or a quick stand-in for a departing controller or—as in Alternative Resources' case—someone who could overhaul an entire accounting system, Weinfurter found few places to turn. He saw an opening in the middle of the market between Accountemps and the then-Big Six accounting firms. His strategy would be to offer seasoned professionals who could provide sophisticated accounting and finance operations support and project management to large companies.

The timing, he could see, was right. The downsizing of the early 1990s had

left accounting and finance departments with severely stripped-down staffs. By the mid 1990s, chief financial officers were fast warming up to the idea of bringing in outside accountants and other professionals to help ease the strain. As the economy gathered steam, their need for outside help only grew. "The market was out there for it," says Tim Molloy, founder of Integrated Financial Temporarily Inc., a six-year-old Chicago company that places accounting and financial professionals. "They couldn't get people fast enough."

Weinfurter got a quick boost for his start-up plan in the fall of 1994, just as he was preparing to leave Alternative Resources. The husband of one of his salespeople introduced him to two venture capitalists, Samuel P. Chapman and J. Jeffrey Louis. And in January 1995

the pair met Weinfurter for breakfast at Mitchell's Original, a venerable North Side diner, to hear his business strategy.

Chapman and Louis took an instant liking to Weinfurter's résumé: a proven track record at Alternative Resources, plus an additional 11 years of sales and managerial experience. More important, they saw real potential in his plan. "What was interesting was that we were talking about carving out a whole new niche," recalls Louis. "When we looked to see who else was doing it, there was no one out there."

Chapman and Louis, who had started a venture-capital boutique called Parson Capital Corp., wound up supplying \$7.2 million during the company's first two years. Weinfurter himself put up another \$800,000 for a total start-up fund of \$8 million. But the investors supplied



"We pushed ahead as fast as we could," says Nelson Head, senior vice-president of operations.

much more than just capital. They spent several weeks vetting Weinfurter's strategy with area executives. They then helped Weinfurter lay out a detailed business plan.

What's more, once it became clear that the plan was a go, Louis and Chapman drew on a wide network of contacts in the local business community and assembled an outside board of directors. Among the high-profile members: Jerry Pearlman, the former chairman and CEO of Zenith Electronics Corp.; Donald Perkins, the former chairman of Jewel Cos., one of Chicago's largest grocery chains; and Sam Chapman's father, Alger, vice-chairman of global-banking giant ABN AMRO.

The board operates much as it would at a public company: it convenes to hear quarterly reports from Weinfurter, and it has the power to remove him if

the company's performance flags. In Weinfurter's view the discipline of having to report to the board has actually helped him keep the company focused. Plus, he says, the board has supplied lots of valuable advice.

When Current Assets was officially launched, in July 1995, competition was beginning to stir in the high-end accounting-staffing market. But Weinfurter took a couple of critical steps to differentiate the company. For one, unlike many other staffing firms, Current Assets decided not to pitch its employees as potential permanent hires. "If you're trying to build a professional-services firm, you want to keep your best people," says Weinfurter. "Why encourage clients to hire them away?"

In addition, Current Assets consciously steered clear of handling tax returns and conducting audits. Offering those services would have thrown the compa-

ny into more direct competition with the top accounting firms and would have required paying far steeper costs for professional-liability insurance. Keeping overhead down would, in turn, allow the company to offer its customers more competitive pricing. Current Assets, however, still had to sell that proposition to the accounting world.

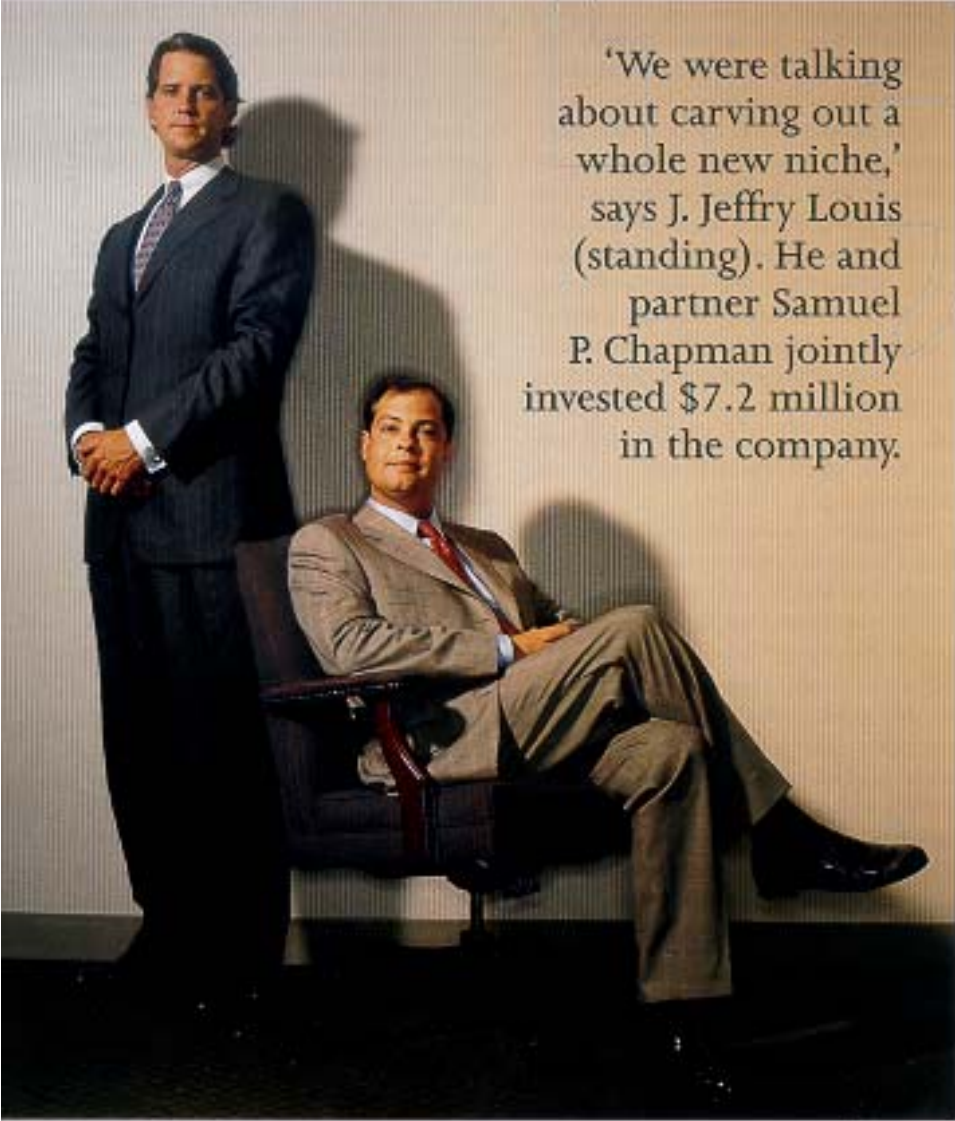
One primitive prospecting tool was a list of CFOs at Chicago-area *Fortune* 1,000 companies. Roberta Hancock, an account manager who was one of Weinfurter's first hires, vividly remembers working her way down that list, making cold call after cold call to try to set up introductory meetings. "It was really a lot of perseverance," she recalls.

Of course, the company also had its high-profile board of directors, and from the start it leveraged board members' contacts and reputations to woo customers. Louis recalls that at early sales meetings he and Weinfurter always brought along the brochure that listed the board of directors. "It really gave us instant credibility," Louis says.

Within its first year, the company had lined up engagements with some of the Chicago area's biggest companies. Plus, the company's efforts to build on connections that Chapman and a handful of company employees had with partners at major accounting firms were starting to pay off. It began landing referrals for work that the then-Big Six firms were precluded from handling because of auditor independence issues. Big Five referrals now account for roughly 10% of the company's revenues. "For any firm that's trying to grow," Weinfurter says, "partnerships have to be a huge part of the strategy."

JUST AS CRITICAL, THE CEO BELIEVED from the start, was the company's ability to expand quickly. Having identified a relatively wide-open niche, he wanted to get off the ground in Chicago and then quickly establish a national presence. "Ultimately, what we do is not rocket science," says Nelson Head, senior vice-president of operations. Soon others in the industry "would have decided that we have a really cool strategy, so we pushed ahead as fast we could."

In October 1995, Weinfurter chose Minneapolis, a relatively small market that had the added advantage of being fairly close to Chicago, as the company's second office. But from the start



'We were talking about carving out a whole new niche,' says J. Jeffrey Louis (standing). He and partner Samuel P. Chapman jointly invested \$7.2 million in the company.

"we had real struggles," recalls Weinfurter. Part of the trouble, he says, was that Minneapolis "tends to be a little more parochial" than Chicago.

In hindsight, though, the bigger problem was that the new office manager was "the wrong person for the job," he says. That manager, whom Weinfurter had hired through a newspaper ad, was replaced in late 1995. Minneapolis is now the company's seventh-largest market, behind Chicago, Boston, Dallas, New York City, Atlanta, and Stamford, Conn.

The problems in Minneapolis taught Weinfurter a valuable lesson. From the start he wanted to expand into the top-20 markets in the country. After Minneapolis, he decided that the order in which offices opened didn't matter. When the company found the right leader in one of its target markets, then that office would be rolled out. Thus in March 1996, when an account manager at Alternative Resources agreed to open an office in Dallas, the company was launched there. Likewise, in August of that year, when Weinfurter found a good candidate in Boston, he opened an office there.

Weinfurter still counts recruiting as his chief priority. Both he and VP Head typically travel at least two days a week, talking to top managerial candidates at the various Parson offices. "Getting on a plane every week gets old," says Weinfurter. "But for now, anyway, it's crucial. One weak link can hurt you in a pretty big way. You'd absolutely better find good people."

To do that, he and other managers like to tout the idea that Parson Group offers an appealing alternative career path. At Big Five firms and large corporations, they note, accountants typically have to wait years before being made a partner or rising up the corporate ladder. At Parson Group, as Weinfurter's pitch goes, accountants and other financial professionals have all kinds of chances to move up quickly in the ranks—from working on increasingly complex consulting projects to heading up Parson's offices. (And, Weinfurter says, employees also don't have to travel constantly since most of the company's work is local.)

Weinfurter has done everything he can think of to identify potential job

candidates in new markets. This year the company even held a raffle as an extra reward for staffers who'd brought in employees. The winner got a Mazda Miata.

Of course, the fact that Parson Group now offers the vast majority of its new employees a full-time salary, instead of hourly rates for projects, as well as equity in the company, also helps with recruiting. And the company can now point to a long list of blue-chip clients, as well as a dazzling growth rate. Indeed, Weinfurter chuckles as he recounts what one recent job candidate in the company's new San Francisco office told him about why she wanted to work there. "She said we were a very well established, stable company," he says.

But to Weinfurter, Parson Group still feels like a start-up.

AND IN AT LEAST ONE FUNDAMENTAL WAY, it still is a start-up. After all, the staffing company that was launched only five years ago as Current Assets has since adopted a new strategy and a new name.

The moment of decision came three years ago. It started, in part, with the discovery that a staffing business in California was using the term *current assets* in its marketing materials. At the same time, Weinfurter and other company execs were looking out on a more crowded accounting-staffing field. With the entry of new players, including staffing giant Robert Half International Inc., and the rise of Internet headhunting sites, the battle for market share was bound to get fiercer.

Weinfurter, among others, concluded that it made no sense to continue investing in a model focused on staffing. "We felt like we should be moving in the opposite direction," recalls Head. By the fall of 1997, the company had decided to step up its efforts to attract higher-end consulting projects. By then Weinfurter had also made up his mind that it wasn't worth battling over the company's name and opted for Parson Group. (Weinfurter says the name, borrowed from the venture capitalists, sounds more like a consulting business anyway.)

Since then, the company has raised a fresh \$6-million infusion of capital from Chicago-based Banc One Equity Capital and has been investing heavily

in developing higher-end practice areas, including mergers-and-acquisitions integration, risk management, and enterprise resource planning. And though Parson says it's committed to maintaining a healthy staffing business, it's billing itself as a consulting-services company in new markets like Houston and San Francisco.

It's a risky strategy. Overhead, for instance, has shot up, now that the company—in its bid to build a stable, high-quality consulting force—is bringing in most new hires as full-time employees. Moreover, it's not entirely certain that all the service areas Parson Group is investing in will match up with customer demand. "It's hard to predict the exact mix of what clients will need," says Weinfurter.

Even so, he insists that the repositioning is actually "a very natural evolution." From the very start, he says, customers had been asking Parson employees to handle more complicated projects. Already about half the company's revenues come from consulting work, according to Weinfurter. And he expects that consulting will account for at least three-quarters of its revenues by the end of 2001.

In the meantime, Weinfurter has been meeting with investment bankers who are hungry to take the company public. That could happen, he assures them—just not right now. "Lots of firms get hurt by going public too soon," says the man who lived through the IPO at Alternative Resources. "Right now we're not ready. We're not of a size where we think it makes sense."

But it will be, if Weinfurter's projections pan out. By 2001 he's forecasting revenues of more than \$100 million; in five years, Parson Group wants to earn as much as \$500 million in revenues. All in all, it's shaping up to be a much more massive operation than even Weinfurter envisioned. But as a "type B CEO," he's taking the growth in stride. "You think it's going to work, but you really don't know," he says. "This has worked far better and faster than anyone anticipated." ■

Susan Hansen (shansen@amlaw.com) is a senior editor at The American Lawyer and a regular contributor to Inc.

THE LIST

Inc500

THE 2000 RANKING OF THE FASTEST-GROWING
PRIVATE COMPANIES IN AMERICA

COMPANY (1999 RANK) BUSINESS DESCRIPTION	SALES GROWTH '95-'99 (% INCREASE)	'99 SALES (\$000)	'95 SALES (\$000)	PROFIT RANGE: '99 '95	NO. OF EMPLOYEES '99 '95	YEAR FOUNDED
1. Parson Group Chicago, IL www.parsongroup.com Provides accounting, finance, risk-mgmt., & insurance svcs.	27,932%	\$56,184	\$200	E F	671 25	1995
2. KeySystems-DM Coaches, Inc. www.keysystems.com Mfrs. recreational vehicles	17,117	134,462	781	D F	550 45	1995
3. ePartners Irving, TX www.epartnersolutions.com Provides E-business svcs.	16,538	57,235	344	F C	424 6	1993
4. Orange Glo International Greenwood Village, CO www.greatchleaners.com Develops & sells professional cleaning products	11,597	86,321	738	B D	30 8	1992
5. ATP Oil & Gas Houston, TX (21) Web address N/A† Develops offshore natural-gas projects	8,127	44,672	543	A F	19 4	1991
6. Lakeshore Staffing Chicago, IL www.lakeshorestaffing.com Provides temporary & permanent staffing	7,503	16,087	201	A C	40 4	1995
7. Alliance Consulting New York, NY (3) www.alliance-consulting.com Provides IT consulting svcs.	7,368	75,730	1,014	D F	600 23	1994
8. Access Direct Telemarket Cedar Rapids, IA http://accdf.com Provides direct-marketing svcs.	7,178	20,088	276	D F	950 50	1995
9. Think Tank Systems Corvallis, CA (22) www.ttk.com Resells computer svcs.	6,974	15,351	217	C A	32 3	1984
10. VMS Richmond, VA www.vmsvm.com Operates & maintains roadways & transportation facilities	6,761	41,096	599	D F	400 103	1995
11. Ahead Headgear New Bedford, MA Web address N/A† Designs & markets branded hats for golf shops	6,667	18,338	271	A F	210 6	1995
12. DataSource Silver Spring, MD www.datasourceinc.com Develops custom software & provides sys.-integration & network svcs.	6,515	20,409	304	A B	161 3	1994
13. American Manufacturing and Machine Oklawaha, FL www.vactron.com Mfrs. industrial vacuum equipment	6,485	13,631	207	A F	32 1	1994
14. Support Technologies Atlanta, GA www.supporttechnologies.com Offers help-desk svcs., including E-support, outsourcing, & certificaes	6,070	13,080	212	F A	386 2	1995
15. Meritage Technologies Columbus, OH http://meritagetech.com Provides E-business consulting & professional svcs.	5,376	13,143	240	D F	185 10	1995

*A. 16% or more; B. 11% to 15%; C. 6% to 10%; D. 1% to 5%; E. Breakers; F. Loss

† Not available at press time.