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▶ **BEST COMPANIES TO WORK FOR / 2018**

SALESFORCE
GENENTECH
ACTIVISION
DROPBOX

T-MOBILE'S BIG, BRASH COMEBACK P.42

INSIDE UNCLE SAM'S BITCOIN HOARD P.54

ASIA PACIFIC EDITION NUMBER 3



WHERE
MAMMOTH
IDEAS ARE
AT HOME.

WHERE
FUTURE
DWELLS.

WHERE
THE NEW
INDIA IS.

WHERE
WORLD-CLASS
INFRASTRUCTURE
IS A GIVEN.

INDUSTRY REIMAGINED.

STAR.K.Delhi.8262

For a glimpse of the future, scan this.



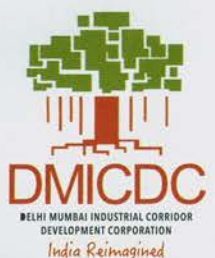
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Delhi-Mumbai Industrial Corridor (DMIC), India's major infrastructure project is all set to remap the future of India with industrial regions, smart cities, international airports, logistic hubs and freight corridors. This project will open up millions of jobs, boost manufacturing, promote economic growth and will reimagine India like never before. Isn't this where you should be?

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CONTENTS

MARCH 1, 2018

FEATURES

THE 100 BEST COMPANIES TO WORK FOR



▲ ON THE COVER AND THIS PAGE: ILLUSTRATIONS BY JONATHAN CALUGI

The 2018 List

Salesforce tops our 21st annual ranking, thanks to its bold efforts to create a Great Place to Work for All. The foundation? A "culture of family."

PAGE NO.

23

Politics in the Workplace

By HANK GILMAN

Preventing toxic political discourse from seeping into the workplace has always been a challenge. Our experts weigh in with four pieces of advice.

40

Uncle Sam's Secret Bitcoin Windfall

By JEFF JOHN ROBERTS

The federal government has seized billions of dollars' worth of Bitcoin from criminals. Critics say it's mismanaging that digital wealth.

54

T-Mobile's Big, Brash Comeback

By AARON PRESSMAN

CEO John Legere's recipe for success at the wireless carrier includes a relentless focus on staff morale—and generous servings of confetti.

PAGE NO.

42

The Secrets of Activision Blizzard

By ANDREW NUSCA

At the gaming giant—a place where fantasy reigns—top talent is given opportunities to acquire real-world skills and the freedom to craft their careers.

50



The Accidental Guru

By ADAM LASHINSKY

Eric Ries's "lean startup" thinking has inspired countless executives to become acolytes. Not bad for a guy who doesn't really like business.

60

VOLUME 177 // NUMBER 3



9 User error: Tide Pods get dragged into the drain.

DEPARTMENTS

FOREWORD

4 ▶ Building an Idea Factory
Want to spark some innovation at your company? Start by putting more trust in your employees.
By CLIFTON LEAF

BRIEFING

5 ▶ New Tax Cuts Will Save Billions. But for Whom?
Dems say tax windfalls won't work their way down to employees. Republicans say they already have. Both sides are getting it wrong.
By GEOFF COLVIN

9 ▶ Forget "Uber for X," Try "X for Women"
A growing cottage industry of startups is catering primarily to women.
By VALENTINA ZARYA

10 ▶ Buckle Up, Volatility Is Back
After years of shrugging off the news, Wall Street has regained its capacity for fear.
By JEN WIECZNER

11 ▶ Trump's Trade Wars
The President thinks the U.S. has made a lot of bad deals. The alternatives could be worse.
By GRACE DONNELLY

FOCUS

VENTURE

12 ▶ Top of the Hops
How Lagunitas Brewing Co. came to be. Interview by DINAH ENG

TECH

14 ▶ A Moonshot for Modest Times
Chronicle, the latest graduate of Alphabet's experimental X unit, scours data to detect cyberattacks.
By JONATHAN VANIAN

INVEST

15 ▶ When a Blockchain Is Your Broker
The tech behind Bitcoin could someday change the way you invest—even if you never invest in Bitcoin.
By ROBERT HACKETT



PASSIONS

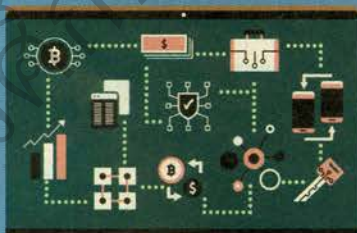
19 ▶ Finding the Perfect Blend
When America's best chefs need a pinch of magic to take their dishes to the next level, there's one man they call.
By STACY PERMAN

22 ▶ See Dublin Like a Local
A guide to Ireland's cool and quirky capital, courtesy of our expert concierge.
By ADAM ERACE

BACK PAGE

LAST BYTE

68 ▶ Cash Back
Thanks to the Tax Cuts and Jobs Act, U.S. companies no longer have incentive to stash profits overseas.
Text by BRIAN O'KEEFE; graphic by NICOLAS RAPP



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BUILDING AN IDEA FACTORY

IMAGINE YOU COULD put the secret to innovation in a box. You start with a simple cardboard container about the size of a ream of copier paper—and make it fire engine red to get everybody’s attention. On top, you print the words: **PULL IN CASE OF IDEA**. Inside, you place six brightly colored guide cards to help the recipient, step by step, generate and fine-tune his or her brainchild, gather data to support it, test and challenge it, and ultimately pitch it to the boss. Then, for kicks, you toss in a Starbucks gift card—and, oh yeah, \$1,000 in no-questions-asked seed funding.

That was the wild notion that Mark Randall, chief strategist and vice president of creativity at Adobe Systems, came up with to ignite innovation at the San Jose-based software and data analytics company. He called it the “kickbox”—a magical cardboard bundle to kick-start creative problem solving. But his own big idea was even wilder: to give the box to any employee in the company who asked for it. That’s right, anybody—no matter if he or she had a good idea... or any clear-cut idea to begin with.

That was in 2013. Since then, some 2,000 Adobe employees have grabbed a box and thought outside of it, churning out novel product offerings and even some improvements to internal operations that have served both customers and employees well. One telling stat: Last year more than 960 Adobe employees filed a patent application. (Only 130 of them came from the company’s official “research team.”)

The kickbox—despite its generous \$1,000 prepaid credit card—is “actually the smallest innovation investment we make,” says Randall, “compared with our research labs, university collaborations, entrepreneurs-in-residence, or product teams.” And importantly, it has sparked more than just good ideas, it has also helped energize Adobe’s workforce. “Kickbox is a culture change program disguised as an innovation program,” said one university professor who has studied the effort.

Randall, who joined the company 12 years ago after Adobe bought his third startup, has another phrase for it: “Putting trust in action.” When you show the people who know your customers, your systems, your challenges, and your opportunities the best that you have confidence in their judgment—it changes the workplace dynamic, he says. Employees go from saying, “Tell me what to do,” to doing what needs to be done.

Indeed, you might say that cultural motif has something to do with Adobe’s remarkable success. The creator of the PDF, Photoshop, and Flash has quintupled its stock value over the past five years under CEO Shantanu Narayen. Its revenues are soaring, its profit margins are plump

as a Christmas goose, and a big reason why—say its own employees—is because of how the company treats its employees. Adobe considers its workers free agents of innovation—or as Randall phrases it: “CEOs of their own ideas.”

Read through our annual “100 Best Companies to Work For” list, beginning on page 23, and you’ll see that same theme throughout. Employees at Dropbox are given time each year to work on anything they want, from moonshots to modest side projects. Staffers at design services firm Kimley-Horn are encouraged to create their own “mini practices” within the firm and pursue new markets. Twenty-three of the companies on our list offer workers paid sabbaticals; some firms, like Nvidia, put so much trust in their talent that they offer them unlimited time off.

Not every company, of course, has that kind of relationship with its employees. But employers who can forge that trust with their workers seem to have an extra advantage on the competition: They get a potentially never-ending font of fresh ideas.

CLIFTON LEAF
Editor-in-Chief, *Fortune*
@CliftonLeaf

THE
WORLD IN

6

PAGES

BRIEFING



New Tax Cuts Will Save Billions. But for Whom?

Dems say tax windfalls won't work their way down to employees. Republicans say they already have.

Here's how both sides are getting it wrong. **By Geoff Colvin**

SPIN

HEADLINES DRIPPED WITH SCORN when Kimberly-Clark announced in January that it would lay off 5,000 to 5,500 employees. The company "celebrates the Trump tax cuts with massive layoffs, share buybacks," said Salon, and will "use savings from tax cuts to pay for layoffs," said Washington's political chronicle, *The Hill*. Similar disdain followed January layoff announcements from Pfizer, Walmart, Microsoft, Coca-Cola, and many less prominent >>

BRIEFING

▷▷ employers, coalescing into an angry narrative: Greedy companies are firing workers just days after getting a historically giant tax cut that will save them billions—a tax cut that was promoted by President Trump and Republicans as a job creator.

The narrative reveals more about today's hyper-partisan discourse than about the reality of the new tax law, which is likely to affect jobs and the economy in important ways that don't fit either party's talking points. The greedy-employers notion is simple cherry-picking. U.S. employers lay off over a million workers every month (typically over 2 million in January, the No. 1 month for layoffs) and generally hire more than that, which they did in January; employment rose by 200,000. It's always easy to find

companies getting rid of workers and just as easy to find those announcing major hiring plans, as Apple and JPMorgan Chase did in January.

The overlooked larger point is that Washington's intense focus on job creation—the new law is called the Tax Cuts and Jobs Act—makes no sense. The labor market is tighter than it has been in decades, with unemployment near an all-time low at 4.1% and unfilled job openings near an all-time high at about 6 million. A disinterested observer might say the U.S. doesn't need more jobs; it needs more workers.

And even if creating lots of new jobs were a realistic objective, this tax cut is not especially well designed to do that. It will certainly put more money into employers' hands, but it offers them no particular incentives to spend that

money on hiring. In fact, it does the opposite: It incentivizes employers to replace workers with machines. For the next five years, it lets companies deduct the full cost of new equipment in the year it's purchased, rather than spreading it over many years. In today's tight labor market, replacing workers with industrial robots or customer service kiosks, for example, is strongly tempting. The new tax rule makes that option much more attractive.

So it's far from clear whether the law will increase jobs, and that's not surprising. "There is no evidence that a cut in corporate taxes is associated with any significant impact on employment," conclude longtime U.S. tax policy researchers Karel Mertens of Cornell University and Morten O. Ravn of University College London. Yet with employers today

unable to fill millions of jobs, that windfall could still be good news for current workers, because it could encourage companies to raise pay. Scores of companies have announced employee one-time bonuses, which by themselves are not significant. But many are also raising minimum pay and contributing more to employee 401(k) accounts; some, notably Starbucks and Walmart, are expanding paid family leave to more employees.

Which raises an intriguing possibility: Even though the U.S. economy is at economists' definition of full employment and then some, the new tax law could nonetheless increase employment—just not in a way its supporters may have anticipated. Labor force participation is down significantly over the past 20 years, but rising pay and benefits could entice some people off the sidelines and back to work. The law's personal tax cut could furnish an additional incentive because when people get to keep more of what they earn, working looks more attractive.

Don't expect to see the true effects for some time, though, punditry aside. Whatever the politics, the U.S. economy is more complex—and more interesting—than the sound bites suggest.

NUMBER OF U.S. WORKERS
TOTAL NONFARM*

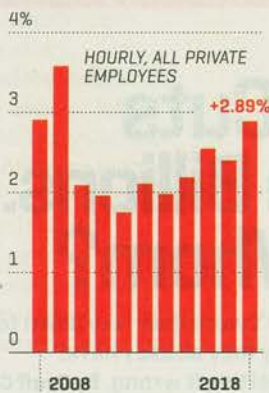


SOURCE: BUREAU OF LABOR STATISTICS

LABOR PARTICIPATION RATE*



ANNUAL CHANGE IN AVERAGE WORKERS EARNINGS*



* AS OF JAN. OF EACH YEAR, SEASONALLY ADJUSTED

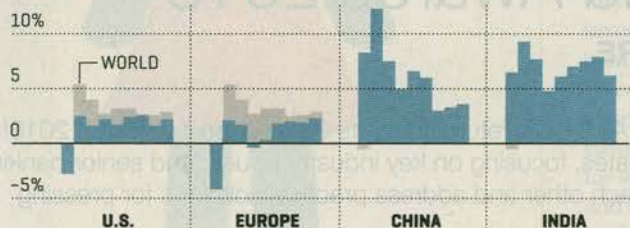
ANALYTICS

Seeing Trends in the Data

THE RESULTS ARE IN, AND GLOBAL GROWTH LOOKS PRETTY DARN GOOD

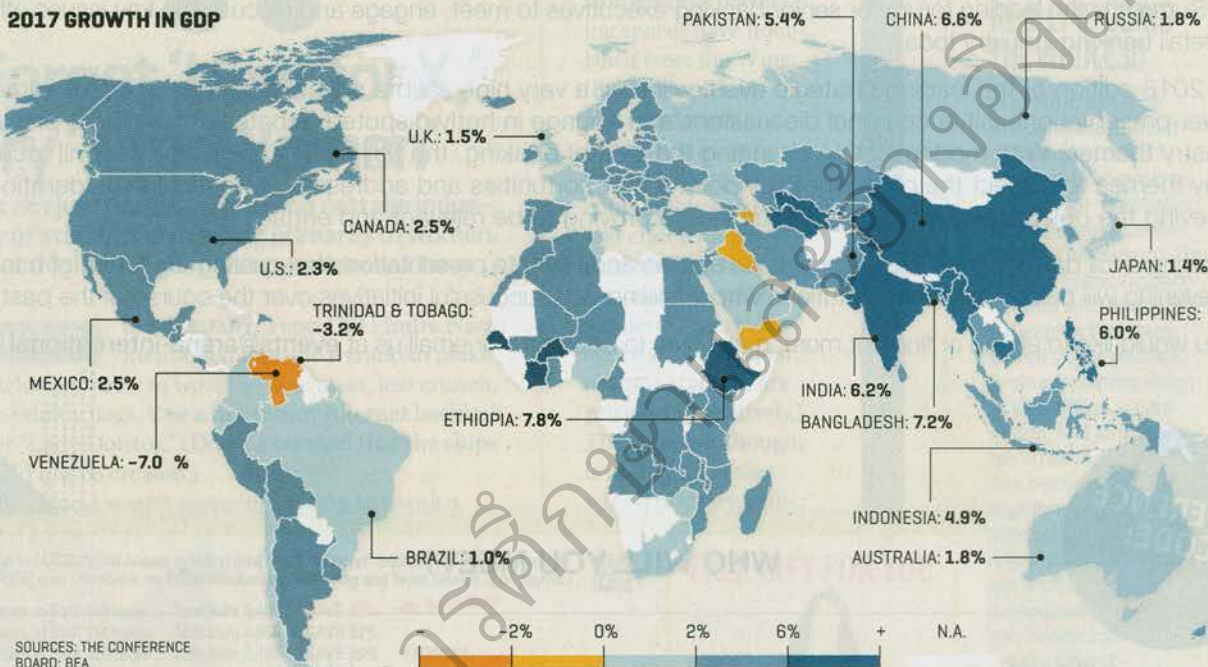
PAGE
3

ANNUAL GROWTH IN GDP, 2009-2017



PRESIDENT TRUMP didn't quite get the 3% GDP boost he was hoping for in 2017, but at 2.3%, the U.S. economy is chugging along. Meanwhile, India and China soared more than 6%, and overall global growth saw a 2.9% increase. Don't bank on the good times lasting too long, though. Economists see risks in political unrest, trade wars, and overheated markets, and anticipate a slowdown by 2020.

2017 GROWTH IN GDP

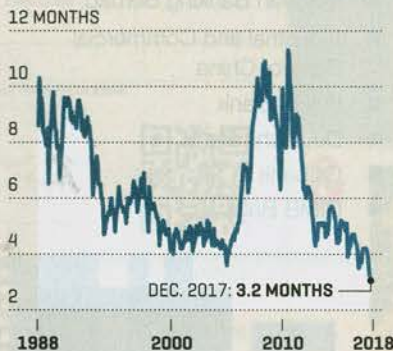


SOURCES: THE CONFERENCE BOARD; BEA

LOTS OF BUYERS, NOT MANY HOUSES

SINGLE-FAMILY HOME prices climbed 4.7% in the U.S. last year and are up 25.1% over the past five. Blame supply constraints: At December's sales pace, clearing all the houses on the market would take just 3.2 months, down from almost a year post-recession. Unless construction surges, expect prices to rise even further.

SINGLE-FAMILY HOUSING INVENTORY



EXISTING SINGLE-FAMILY HOUSE SALES AVERAGE PRICE



SOURCE: NATIONAL ASSOCIATION OF REALTORS

Retail Banker International Asia Trailblazer Summit and Awards 2018

THURSDAY 1ST MARCH 2018, SINGAPORE

Retail Banker International Asia Trailblazer Summit and Awards is returning for its 9th year on 1st March 2018! Our high-calibre speaking faculty will engage in intense debates, focusing on key industry issues, and senior banking executives will get the unique chance to engage with each other and address practical solutions for pressing matters within the industry.

Our Summit is the leading forum for senior banking executives to meet, engage and discuss the key issues affecting the retail banking industry today.

The 2018 edition of the leading strategic event will host a very high calibre speaking faculty who are primed to deliver presentations, sit in on panel discussions and engage in hotly disputed debates on the most pressing industry themes. With modernisation changing the face of banking, the 9th edition of the summit will focus on 4 key themes to dissect the challenges, pinpoint the opportunities and address the practical considerations for achieving the objective of remaining profitable and proving to be relevant and engaging.

Following a full day of panel discussions, case studies and keynote presentations forecasting the future of banking, the evening will celebrate those institutions who implemented successful initiatives over the course of the past year.

If you would like to attend or find out more, make sure to book now or email us at events@arena-international.com!

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MK-ADAD**

WHO WILL YOU MEET?

■ ANZ Banking Group	■ United Overseas Bank	Job Title
■ Bank Central Asia Singapore	■ PT Bank Sinarmas	■ CIO
■ Bank Muamalat	■ Orient Commercial Bank	■ CEO
■ Bank of America	■ Malayan Banking Berhad	■ SVP
■ Maybank	■ Industrial and Commercial Bank of China	■ VP
■ Standard Chartered Bank	■ HSBC Bank	■ Director
■ VP Bank	■ Deutsche Bank	■ Chief Representative
■ Vattanac Bank	■ Citibank	■ Head of Marketing & Strategy
■ CIMB Bank Berhad	■ CIMB Bank	■ Executive Director
■ DBS		

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Forget 'Uber for X,' Try 'X for Women'

It's not just Doritos. A growing cottage industry of startups is catering primarily to women. That might be a good thing. **By Valentina Zarya**

STARTUPS

IN FEBRUARY, Pepsi CEO Indra Nooyi mentioned that she wanted to make snacks that cater to women—less mess, less crunch, less crinkly bags. Cue a full-blown Internet backlash over “Lady Doritos.” (Doritos tweeted that the chips would not be created.)

But Nooyi wasn't alone in wanting to tweak a successful model to suit a female audience. The past year has seen a proliferation of women-focused companies. High-end razor service Billie, which has been called the “Dollar Shave Club for women,”

launched in December and is on the verge of selling out its inventory. Ellevest, a digital investment platform (similarly nicknamed “Wealthfront for women”), promotes strategies that account for women's earnings and life expectancy. And WeWork-esque women-only coworking spaces have flourished (see: the Wing, the Riveter, Hera Hub, and more).

The fear? Companies will create comparable products and charge more, exacerbating the “pink tax” already paid by women in many categories. (So far most of these startups are priced competitively.) The promise, though, is more businesses whose primary audience isn't a tech bro, but the too-often overlooked other half of the population.



DIETS

YES, EVERYONE YOU KNOW REALLY IS DOING THE WHOLE30

LAST MONTH, exco at Applegate noticed an unexpected 88% increase in shipments of its sugar-free bacon over the previous five weeks. The reason? The brand's licensing partnership with Whole30—a diet plan that bans added sugar, alcohol, grains, legumes, dairy, MSG, sulfites, baked goods, and junk foods for 30 days. The diet has become so popular that it now has two bestselling books and a limited line at Blue Apron. Expect more businesses to hop on the bandwagon.

—BETH KOWITT

USER ERROR

THE KIDS ARE NOT ALL RIGHT

Kids' dubious dares—think Listerine and duct tape challenges—have a history of going viral on social media, much to product manufacturers' dismay. —JEN WIECZNER



TIDE PODS

The fad of chewing the detergent pellets helped spur teen poison-control cases to 165 this year (triple all of 2017).



BURT'S BEES

Applying the lip balm (now owned by Clorox) to their eyelids, teens dubbed the peppermint-induced buzz “Beezin.”



SMARTIES

Kids' snorting the pulverized confections prompted a Rhode Island school to warn in 2014 of a nasal maggots risk.



WHIPPED CREAM

Conagra's label says not to “deliberately” inhale the nitrous oxide. But even Demi Moore reportedly tried “whip-its.”

Buckle Up—Volatility Is Back

After years of shrugging off the news, Wall Street has regained its capacity for fear.

By Jen Wiczner



STOCKS

WHEN THE GOVERNMENT (FIRST)

shut down this year, the market barely shrugged. When Donald Trump pulled off a surprise victory in the 2016 election, it kept right on chugging. The Brexit upset? A tremor so imperceptible, it wouldn't even register on the Richter scale. Indeed, in recent years, stock

prices have reacted so little to so much—devastating hurricanes, political (and literal) firestorms, nuclear missile threats—it was as though the market had absently looked up to check the headlines and gone right back to sudoku.

And then, on the first Monday in February, the long-catatonic Dow Jones industrial average nose-dived 1,175 points, partly reacting to bearish inflation expectations, and the S&P 500's volatility surged to heights not seen since 2009. The CBOE volatility index—better known as the Wall Street “fear gauge,” or the VIX—spiked 116% and kept rising: The next day, the VIX briefly jumped above 50, its highest level in

more than 2½ years—and nearly 60% higher than the day Lehman Brothers filed for bankruptcy.

The traders used to winning bets on calm waters—the VIX hit a record low just last fall—were blindsided. Credit Suisse shut down a VIX-shorting product after it imploded overnight.

When volatility kicks in, some investors like to say, that's when the fun starts. But it's also a sign of a bull market sputtering out. One important thing to remember: The VIX is not a measure of current volatility, but rather of what investors expect it will be in the future. As long as it remains elevated, there are likely more panicky free falls ahead.

GOOD SEATS

MOVIE THEATERS WANT THEIR GROOVE BACK

CAN A CRAFT cocktail and a lobster roll help defeat Netflix? That's the idea behind iPic Entertainment, the luxury movie theater chain that recently IPO-ed with a plan to expand beyond its 16 U.S. locations, all offering gourmet cuisine and cushy

leather seats.

Facing a cultural shift, movie theater operators have been forced to improvise. Big chains are rolling out features like reclining chairs, reserved seating, and improved concession menus. [Texas-based Alamo Drafthouse delivers primo entrées to your seat.] And yet the bleeding continues. Shares of AMC Entertainment, the largest U.S. theater owner, declined by



An iPic theater audience.

more than half in 2017.

Then there's the other end of the price spectrum: Budget-friendly MoviePass, which offers unlimited tickets [up to one a day] for a monthly fee, recently saw its membership soar to more than 2 million. Whichever model wins out, it's clear it'll take a lot more than stale popcorn to compete with your couch.

—TOM HUDDLESTON JR.

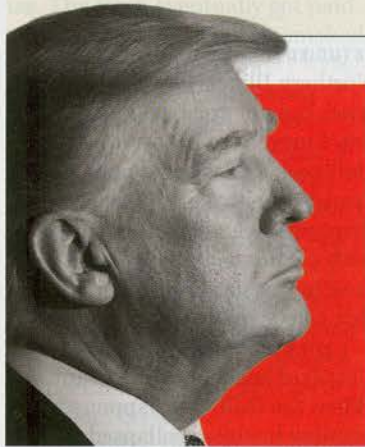
SHOPPING
**RETAILERS
LEARN THAT
LESS IS MORE**

COMING SOON TO A STARBUCKS near you: less variety. The coffee giant is planning to remove 200 items, or 30% of the types of merchandise that it sells in front of the counter. The goal? Simplifying operations, decluttering shelves, and not saddling stores with products customers end up not liking.

Starbucks is hardly the only retailer to discover that less is often more. Target is two years into an effort to shrink the array of sizes, flavors, and even brands on its shelves. Ditto Kohl's, which is offering high-volume goods in stores and saving the wider variety for online. Gone are days of shocking and awing shoppers with selection. As former P&G CEO A.G. Lafley put it, "You're wasting their time." —PHIL WAHBA



STARBUCKS
WILL SELL 30%
FEWER TYPES OF
MERCHANDISE



Trump's Trade Wars

The President thinks the U.S. has made a lot of bad deals. The alternatives could be worse.

By Grace Donnelly

SHOWDOWNS **FEW TOPICS**

seem to rankle President Trump so much as America's "very bad deals" with its trading partners. And 2018 seems poised to be a year of tough negotiations. But hardball goes both ways. To wit: Trump's global tariffs on solar panels and washing machines were met with a Chinese probe into U.S. grain exports in February. Multinational businesses, beware.

	CANADA	MEXICO	CHINA	GERMANY
TRADE DEAL WITH U.S.	NAFTA	NAFTA	Bilateral	TTIP [proposed]
TRUMP'S TAKE	"We can't let Canada or anybody else take advantage [of us]."	"Mexico is killing us on jobs and trade. WAKE UP!"	"We should be very tough on them on trade."	"Very unfair."
VALUE OF TRADE WITH THE U.S.	\$582 billion (\$17.6 billion U.S. deficit)	\$557 billion (\$71.1 billion deficit)	\$635 billion (\$375.2 billion deficit)	\$171 billion (\$64.3 billion deficit)
BEST-CASE SCENARIO	A modernized NAFTA	Deal inked before Mexico's elections heat up	Fairer trade [especially for U.S. tech firms]	TTIP negotiations reopened
WORST-CASE SCENARIO	Trade pact torn up	Trade pact torn up	Trade war	Transatlantic trade war
WHAT TO EXPECT	Even as Justin Trudeau takes a hard line on terms like the sunset clause [how often the trade deal will be renewed] a compromise is likely. Experts say if the deal doesn't move forward by March 31, negotiations will continue into 2019.	Anti-American sentiment is high as Mexico's July presidential elections loom. If the early favored candidate, the leftist-populist Andrés Manuel López Obrador, assumes power, Mexico is less likely to play ball with the U.S.	Relatively subdued tensions last year could boil over in 2018. Expect more tit-for-tat volleys like inspections and tariffs. If such skirmishes erupt into a true trade war, U.S. multinationals like Boeing and Apple would feel the pain.	Not much to see here. The Trump administration's stance on climate change and protectionist positions make it unlikely that there will be new trade agreements with the EU.

SOURCES: U.S. CENSUS BUREAU, IHS MARKIT, BROOKINGS INSTITUTION

FOCUS

Tony Magee relaxes in the tasting area of the Lagunitas brewery in Petaluma, Calif.

I STUDIED MUSIC composition at Northern Illinois University. I was good, but not great, and I dropped out. I moved to California and in 1987 took a sales position in San Francisco with a printing company. Printing is a lot like music. Somebody creates a piece of art, and you have to translate it into something that can be printed into infinity.

I got married and was printing Visa card solicitations for banks. When the Gulf War happened, my printing business collapsed as the banks canceled their mailings.

It was 1991; I had no income. My wife, Carissa, was working at a recycling center. The house was moving into foreclosure, and our credit cards were being closed one at a time. We were young and had marital problems.

When you've achieved a couple of things, and it's all taken away, those can be mystical junctures in life. As Kris Kristofferson wrote, "Freedom is just another word for nothing left to lose."

For Christmas 1992 my brother—who worked for a brewpub in Oregon—bought me a homebrew kit. The first batch of beer was beautiful, which gave me the courage to do a second batch. The second batch was a failure. But I thought I had a chance at doing something great, so in 1993 I decided to open a brewery.

HOW I GOT STARTED



TOP OF THE HOPS

How Lagunitas Brewing Co. came to be. Interview by Dinah Eng

When Tony Magee's printing business went belly-up in the '90s, he decided to open a craft brewery, trying his hand at creating new home-brew flavors. Living off credit cards and home-equity loans, he built Lagunitas Brewing Co. into a brand known for its pot-smoking founder and freewheeling pub parties. Lagunitas, now fully owned by Heineken International, had \$228 million in annual revenue in 2016, and Magee remains as chairman of the board.

At that point I could either pay back income taxes or invest what I had in starting a new business. So with \$35,000 I bought some brewing equipment and started Lagunitas. The taxes eventually got paid.

I was a college dropout, smoked a lot of pot, and my brewery took up 750 square feet of the back of an old grocery store in Forest Knolls, Calif. From day one, I was the CEO, CMO, CTO, COO, everything. Every chance I could, I would hire a virtuoso to play one of those roles.

The best things happen when you just go, go, go. I didn't have a business plan. I was just going to sell beer and make more than it cost me to brew it.

I refinanced the house constantly. I would take \$1,000 from the business, redo two bathrooms, then have the bank assess the increased value and give us a \$12,000 loan. We paid all the brewing bills late.

In 1999, at the peak of the dotcom boom, I raised \$600,000 to move the brewery to a larger space. Our investors included my landlord, a teacher, a chaplain, and other ordinary folks. A veterinarian gave me \$15,000, and when we finalized the Heineken sale years later, I gave him \$7 million back. But from 1999 to 2015, none of the investors saw any return at all.

We were never in it for the money, because there was no money. We were in it for the people—our employees, our distributors, our investors—whom we had made promises to. Because of those promises, there was no way I could let the business fail.

POWERTRIO

THE THREE BEERS
THAT PUT LAGUNITAS
ON THE MAP.

IPA

The company describes its No. 1 seller as a "well-rounded India Pale Ale with a bit of caramel malt barley richness to mellow out the twang of the hops."

A LITTLE SUMPIN' SUMPIN' ALE

Lagunitas's No. 2-selling beer is a pale wheat ale that has enough hop bitterness for IPA fans but with the smoothness of a Hefeweizen.

THE WALDOS' SPECIAL ALE

The brewery's "420" celebration ale is described as "herbaceous, botanical, dank, and resinous." Definitely one for the Deadheads out there.



Our marital issues worked out when we focused on making good things happen with the company. Carissa scheduled the plant operations and logistics for the first 15 years. I designed all the labels, the recipes, and marketing copy, then later handed the recipe writing to a head brewer. We don't have any kids, but at one time I had

900 employees.

It was easy to sell our beer because we were different from other brewers. We'd throw a party at the brewery, and 2,000 people would come for five hours. It created stories that we used to promote the brand.

For example, in 2005, the California Department of Alcoholic Beverage Control investigated us for several weeks. Their agents tried to buy pot from our employees, and no one would sell it to them. They'd offer it to them for free.

On St. Patrick's Day, out came the badges, and they suspended our license for 20 days for not properly policing marijuana use in a licensed facility. They were nice about it, though. They allowed me to pick the time frame when we'd shut down. We created the Undercover Investigation Shut-Down Ale, which became really popular.

In early 2015 I was thinking about getting older and looking at how the company would continue without us. Anheuser-Busch was buying up breweries around the U.S. There was a lot of controversy in the industry about who was a craft brewer and who wasn't. I took a meeting with Heineken.

I offered them a 30% stake, and they said, "No, how about fifty-fifty?" My jaw went slack. I was initially hesitant because if there are disagreements and we're fifty-fifty, how would we resolve things? But we developed trust and went forward. It became the perfect relationship.

Heineken provides finance and the expertise to grow into new markets, while the marketing, the voice of the brand, and the decision on making new brews is ours. Last year they bought the rest of the company.

I'm proud of having gotten the ship into port. All my employees have career opportunities that were undreamed of five years ago. All my investors got a great return, and my wife and I are financially safe now. ■



A MOONSHOT FOR MODEST TIMES

Chronicle, the latest graduate of Alphabet's experimental X unit, scours data to detect cyberattacks. By Jonathan Vanian

ASTRO TELLER, LEADER OF ALPHABET'S SECRETIVE moonshot factory, X, focuses on solving the planet's biggest problems. And there's a big one that every 21st-century business grapples with every day: hackers who relentlessly try to infiltrate computer networks and steal sensitive information.

In an effort to help corporations gain the upper hand, Teller's skunkworks has created a tool intended to solve a common complaint in IT departments—an overwhelming number of cybersecurity alerts. The software, part of a project dubbed Chronicle, uses machine learning to filter out false alarms so that technicians can concentrate on only the most important warnings.

If that sounds pedestrian compared with X's other moonshots, you wouldn't be wrong. Since its founding eight years ago, X has incubated some far-out ideas: self-driving cars, contact lenses that

measure blood sugar, and giant balloons that beam Internet connections to everyone below.

But faster and more accurate automated alert filtering is a small step toward tackling a far larger challenge—to develop what Teller describes as an “immune system” that could help organizations predict and defend against cyberattacks before they infiltrate a network. Chronicle's algorithms sift through massive volumes of corporate data along with information generated by the customer's existing security tools. Over time, the system learns what to flag and what to ignore.

“It's like automating Sherlock Holmes,” Teller says. “We're going to get a teenage Sherlock Holmes at some point, and then he'll get more sophisticated over time.”

When X projects show enough commercial promise, they “graduate” from being mere experiments into independent companies. Chronicle, announced in January, is the third to graduate and remain within Alphabet, although its software remains under wraps for companies not involved in tests of the service.

Ruth Porat, Alphabet's chief financial officer, has made no secret of the fact that she wants X to tackle projects that have a better chance of turning a profit and don't just grab headlines. Software for what Gartner estimates is a \$93 billion global information security market certainly fits the bill, aligning with a broader Alphabet strategy to diversify its revenue and become a stronger business technology rival to Microsoft and Amazon.

Bill Coughran, a partner at Sequoia Capital and a former Google engineering executive, says the sheer number of security startups makes it challenging for any one company to stand out. A company's success in selling computer security depends on its software handling many tasks well, he argues. One way for Chronicle to get a leg up in the market would be to use Alphabet's deep pockets to undercut the competition on price. “There are a number of security products that are too expensive,” Coughran says. Customers are always on the hunt for cheaper options.

Teller believes Chronicle can thrive in a crowded field. In the end, cybersecurity remains a cat-and-mouse game, he says. Those that make real progress will “get computers a lot more involved in doing the cat part.” After all, who wants to be a mouse? ■



WHEN A BLOCKCHAIN IS YOUR BROKER

The technology behind Bitcoin could someday change the way you invest—even if you never invest in Bitcoin. Here's how some firms are bridging the gap between Wall Street and the cryptocurrency crowd. **By Robert Hackett**

INVEST ON A CRISP MID-JANUARY MORNING, I ARRIVE AT THE BOSTON headquarters of Circle, a cryptocurrency startup, just as the markets tank. As the day unfolds, virtual coins hemorrhage billions of dollars in value. The price of Bitcoin—along with those of the majority of the top 50 cryptocurrencies—plummets more than 20%. It's one of the market's worst one-day routs in a winter full of them. Panicked investors dub the drubbing "Red Tuesday."

But Circle's office is unusually tranquil. No managers are throwing a hissy fit. No one is shouting "Sell! Sell!"—or "Buy! Buy!" for that matter—from behind a bank of blinking computer monitors. No subordinates are whimpering. And CEO Jeremy Allaire is the calmest of all. "In this market you have to assume regular 20%

swings," Allaire says with a shrug. The boss, who resembles a softer Steve Ballmer, saunters past a klatch of employees chowing down on Aussie-style meat pies. As we walk past a shuffleboard tabletop to chat in a conference room, he seems... pleased?

After all, whether the markets sink or soar, Circle is set to make a killing. The business operates Circle Trade, one of the world's biggest "over the counter" trading desks for cryptocurrencies. When big price movements push investors to buy and sell, Circle acts as an >>

▷▷ intermediary between whales and eager shoppers. Within Circle's circle, volatility is a moneymaker. "When things start to get really out of whack really fast, that tends to be good for us," says Dan, Circle's fast-talking, South Shore of Boston chief trader, who asks *Fortune* not to print his last name because he "prefers to keep a low profile" for security reasons.

Scenes like this calm-amid-chaos tableau are becoming commonplace at some adventurous financial firms. Circle and its peers handle deals whose scale could overwhelm exchanges better suited for smaller sales, like Kraken or Coinbase's GDAX. Cumberland Mining, a subsidiary of the high-speed trading firm DRW in Chicago, advertises \$100,000 as its minimum deal requirement. Garrett See, CEO of DV Chain, a boutique Chicago firm that runs a cryptocurrency trading desk, says his firm's average deal size is in the hundreds of thousands, with the largest being about \$5 million. "The largest sellers come from early adopters," he says of his clients. "Once a quarter, someone wants to buy a jet."

Other big names in the field include Genesis Trading, a New York-based spinout of SecondMarket, the private-company stock exchange; and Octagon Strategy, in Hong Kong. Of course, the very existence of these firms is ironic: In the trading of cryptocurrency, a financial innovation that theoretically eliminates the need for a middleman, they're establishing profitable businesses—as middlemen.

Still, these firms are playing a role that mainstream financial services companies, concerned about digital currencies' volatility and a murky regulatory climate, have shunned. And at least one company, Circle, is laying the groundwork for an era when investors might see no meaningful distinction between a traditional bank or brokerage and a cryptocurrency-based one.

CIRCLE TRADE CUSTOMERS TEND TO FALL INTO A FEW categories: early investors whose coins have soared in value; coin "mining" operations; and cryptocurrency business ventures, including other exchanges, hedge funds, family offices, and projects that have hosted "initial coin offerings." These clients often hope to move large sums, quickly: Done all at once through a single exchange, such moves risk crashing web-

sites and causing sharp price drops. So many crypto-tycoons off-load the risk by selling their holdings to a trading desk, letting the traders handle the hustle.

The desk, whose website says it trades more than \$2 billion a month in cryptocurrency, is the primary reason Circle is profitable; trading brought in more than \$60 million in revenue over the past three months alone, according to a source familiar with the company's financials. But it's only part of Circle's vision. The startup has a bevy of other products: There's its Venmo-like Circle Pay app, which lets users send money with the ease of a text message. There's its soon-to-launch Circle Invest app, which aims to encourage small, steady investments in cryptocurrencies the way Robinhood does for stocks. And there's its Centre protocol, an open-source project designed to make disparate digital wallets—like those from Alipay, PayPal, or, yes, Circle—interoperable with one another.

Circle is preparing for a day when cryptocurrencies become pervasive, prices grow less volatile, and the utility of digital tokens goes undisputed. If most of the dozens of exchanges competing today are just places to buy and sell coins, Circle has loftier ambitions: It wants to eventually help you turn your trading profits into a Tesla, a mortgage, or a portfolio of blue chips. Circle has ample funds, mainstream investors, sophisticated tech—and a legitimate chance at building the bank of the next century around crypto-finance.



"I DON'T KNOW WHO THE CEO OF SEARS WAS BACK IN THE MID-'90S ... MAYBE IN 20 YEARS NO ONE WILL KNOW WHO JAMIE DIMON IS."

Circle CEO Jeremy Allaire, on mainstream banks' aversion to cryptocurrency

When Allaire cofounded Circle in 2013, dark-web markets and criminal activities dominated the discussion about cryptocurrency—and he cut against the grain by resolving to work closely with regulators. At an early Bitcoin conference in London, Allaire and his cofounder, Sean Neville, Circle's president, laid out their vision before a rowdy throng of crypto-anarchists and libertarians. One audience member asked them whether, if presented with a subpoena requesting information on customers, they would hand the data over. Allaire didn't hesitate in his response—Hell yeah, of course! The confab nearly broke out into a brawl, Neville recalls, with one rabble-rouser rushing the stage, pumping his fist and shouting to the others, "I will go to jail for you!"

The issue became more than theoretical after Circle debuted its Bitcoin product in May 2014. Fraudsters used stolen credit card numbers to make purchases with the speculative cryptocurrency, thus saddling the startup with high fraud-mitigation costs. Circle eventually pulled the plug on the Bitcoin capability within the app, earning the ire of Bitcoin devotees. Still, the company outlasted the shutdowns, bankruptcies, and arrests that bedeviled the first round of Bitcoin ▷▷

BUSINESS x DESIGN

The world's leading companies are embracing design as an integral part of corporate strategy.

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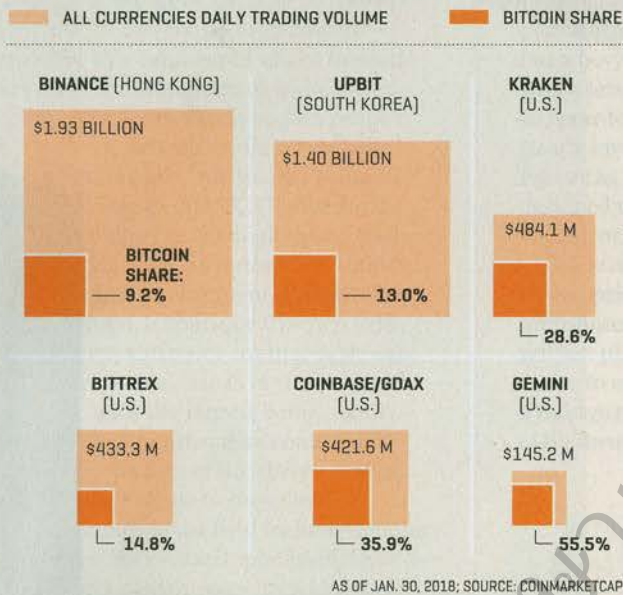
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WHERE CRYPTO-SHARKS SWIM

There are dozens of cryptocurrency exchanges in the world; some of the biggest are detailed here. Several U.S. exchanges are betting that cooperation with regulators, and evolving relationships with Wall Street, will eventually put them ahead of the pack.



▷▷ entrepreneurs—thanks to its deep pockets and discretion. Behind the scenes, Circle had supported Circle Pay with a trading desk to provide users with liquidity in all sorts of currencies, virtual or otherwise. Beginning in 2016, that desk focused on becoming a cryptocurrency market maker, and it flourished.

Allaire and Neville's broader vision attracted big investors—including Goldman Sachs, Chinese Internet giant Baidu, and venture capitalist Jim Breyer, one of the earliest backers of Facebook. (In its last round of funding, in June 2016, Circle was valued at \$480 million; it's likely worth more now.) Allaire exhibits what Raj Date, a Circle investor and erstwhile architect of the Consumer Financial Protection Bureau, dubs "paradoxical conservatism"—as demonstrated by Allaire's tightness with regulators. Circle was the first startup to be awarded a BitLicense, a certifica-

tion for virtual currency businesses issued by the New York State Department of Financial Services. And Allaire advises the International Monetary Fund on fintech policy. "Our vision was always how to fuse the existing financial system with cryptocurrency as a hybrid, digital model," Allaire says.

Breyer compares Allaire to Mark Zuckerberg in terms of long-term strategic thinking: Just as the Facebook founder "instinctively understood" the need for an overarching, sticky social platform, not just a network for colleges, Allaire—rather than merely aiming to build another bank—has designs on an entirely new financial operating system.

TO ALLAIRE AND NEVILLE, THE CRYPTOCURRENCY boom represents an inevitable transition: money evolving from cloth to code. Over the next five to 10 years, they say, all sorts of traditional securities will become "tokenized"—divvied up into virtual stakes recorded on blockchains, the shared ledgers that power cryptocurrencies. People will own and trade small digital slices of everything from real estate, to cars, to houses, to patents, to stocks—many of which may programmatically pay out dividends via software-defined "smart" contracts. Advocates say this tokenized future will make new asset classes accessible to smaller investors and lower the costs of transacting and investing, across borders as well as within them.

While the cryptocurrency markets ride out their growing pains, Circle's trading infrastructure is providing the company with a runway for its longer-term goals. Bobby Cho, the head trader at Circle competitor Cumberland, predicts that 2018 will be the inflection point when more Wall Street institutions get involved—lured by client enthusiasm and potential upside. For months, rumors have swirled that Goldman Sachs will fire up a cryptocurrency trading desk of its own. "In response to client interest in digital currencies, we are exploring how best to serve them," a spokesperson tells *Fortune*. But for now, Goldman's sole exposure to the industry is through its investment in Circle.

I ask Allaire whether he believes the incumbents, with their loaded coffers, should take the idea of a tokenized market more seriously. Jamie Dimon, the CEO of JPMorgan Chase, the largest retail bank in America, has made no secret of his lack of interest in Bitcoin and its brethren, after all.

"I don't know who the CEO of Sears was back in the mid-'90s, but I bet that CEO was making remarks about Internet shopping that were pretty dismissive," Allaire says. "Maybe in 20 years no one will know who Jamie Dimon is." ■



TIME
WELL SPENT

PASSIONS

FOOD



Sercarz's blends can contain up to 23 spices.

FINDING THE PERFECT BLEND

When America's best chefs need a pinch of magic to take their dishes to the next level, there's one man they call upon.

By Stacy Perman

TAKE ONE STEP INSIDE LA BOÎTE, a Manhattan-based spice emporium, and it soon becomes clear why owner Lior Lev Sercarz has earned the monikers "spiceologist" and "spice therapist." The fragrant shop resembles an apothecary of seasonings, stacked with glass jars filled with his proprietary, exotically named blends like Orchidea (Sichuan pepper, lime, orchid root), as well as tins of his famous spiced, French-style biscuits.

For Sercarz, spices are not just a job but rather his mission in life. "I don't just trade >>>



From left: Chef Lior Lev Sercarz in his kitchen at La Boîte; his collection of more than 40 spice blends are lined up in neat rows in his shop.



▷▷ spices," he says. "I came from the culinary world, and that's what sets me and La Boîte apart. I'm always thinking about blends."

Sercarz's passion and expertise have made him the go-to guy for many of the world's best chefs, who frequently call upon him to concoct custom blends. James Beard Award winners Ana Sortun of Cambridge, Mass., restaurant Oleana and Michael Solomonov of Philadelphia's Zahav and Federal Donuts both credit Sercarz with elevating their dishes. "He is an explorer," says Eric Ripert of Michelin-starred Le Bernardin in New York, who uses only La Boîte spices. "When you're around him, he's very articulate, very energetic, and very inspiring with his stories and the ideas he has to use spices."

Sercarz's blends contain anywhere from nine to 23 spices and range in price from \$13 to \$27. His method relies on craft, instinct, and a dash of poetry. For instance, his tangy, sweet, sour, and floral eight-pepper Pierre Poivre is named after an 18th-century French horticulturist and missionary. Isphahan, a musky, smoky, sour, and bitter combo made from dried Middle Eastern limes, cardamom, and spices, is named after the ancient Persian capital.

Though he was born in Israel, his culinary education is firmly of the French school, having studied at the Paul Bocuse Institute in Lyon, France, and under the tutelage of Michelin-starred chef Olivier Roellinger.

It was Roellinger who taught him the importance of spices. "He told me, 'You have to learn to taste and smell and learn how to articulate and to describe all of these flavors.'" Looking back, Sercarz says this was the beginning of La Boîte. "But it took me 12 years to understand that this is probably what I should be doing."

In 2002, Sercarz relocated to New York and sent his résumé to every exciting and important chef in the city. Only Daniel Boulud replied. For four years Sercarz worked as a sous chef at Boulud's Daniel and two years at his catering business, before realizing that the restaurant life wasn't for him. "I needed to leave," he says, crediting Boulud with giving him the support and courage to forge his own

path. "He showed me that the culinary world doesn't only end in a restaurant and there's so many other ways that you can express yourself."

For the next five years, Sercarz supported himself during the day as a chef for Citicorp executives, while at night he worked out of his basement apartment experimenting with spice blends. He began selling his biscuits and three blends, delivering them himself. Boulud and Laurent Tourondel, who was just beginning to launch his BLT restaurant chain, were his first clients. His business grew, largely by word of mouth.

In 2011 he opened La Boîte in an 800-square-foot space in Manhattan's Hell's Kitchen neighborhood.

Since then, Sercarz has attracted a growing brigade of home cooks. Just try getting a slot at one of his Intro to Spice Blending classes—they are sold out until July. In 2011, La Boîte began selling online, and e-commerce now makes up 25% of sales.

"Spices allow me to touch on a lot of things," he says. "It's creativity. It's a global conversation, and this to me is very exciting." ■

"HE IS A TRUE ARTISAN. HE IS AN EXPLORER GOING ALL OVER THE WORLD TO FIND THE BEST PRODUCTS." —Chef Eric Ripert

I am very Sensitive to Lights and Sounds

Jacob Sanchez
Diagnosed with autism



Sensory sensitivity is a sign of autism.
Learn the others at autismspeaks.org/signs.

SEE DUBLIN LIKE A LOCAL



Ireland's capital is cool and quirky with a booming tech sector and vital pub culture. Marie-Claire Sabogal, head concierge at the Merrion Hotel, shows us her favorite spots. **By Adam Erace**

Best new restaurant:

The food scene in Dublin has absolutely exploded. On Camden Street, **Dela-hunt** is a quintessentially Irish brasserie and bar that employs traditional slow-cooking techniques and farm-to-plate Irish produce. It was originally an apothecary, which [the new owners] have refurbished, and predinner cocktails are served at the original counter.

Emerging neighborhood:

In South Dublin, residential **Rathmines** is full of great cafés, restaurants, and bars and is walking distance from the city center. Just recently the **Stella Theatre** opened up after being restored to its 1920s glory. There are comfortable couches, chaise longues, and even beds, and they serve drinks and tapas.

Toughest dinner reservation:

In the nearby coastal town of Blackrock, Michelin-starred **Heron & Grey** is an extremely difficult reservation to book. The

dining space is extremely small, and there's only one sitting during the evening. I'm still waiting on my own reservation!

Cocktail spot: There's a lot of little cocktail bars that are hidden away across Dublin, and **9 Below** is the latest addition. Located just off St. Stephen's Green, it's a great, reservations-only setting to escape from the hustle and bustle.

Shopping spree: Set in a beautifully restored Georgian property on Merrion Square, **Louise**

Kennedy is a boutique offering unique gifts. Kennedy has an international reputation for creating clothes that are sophisticated, elegant, and kind of luxurious. The store displays not only beautiful women's and men's clothing, but also everything from bags to cuff links to items she's collected and sourced from across Europe.



[1] The front hall at the Merrion Hotel. [2] Mixologists at 9 Below whip up some of Dublin's best cocktails.



THE \$10,000 DAY

We asked Sabogal to plan us a special, singular day in Dublin:

After a leisurely breakfast in our Garden Room, you would take a gentle stroll through Georgian Dublin with a private guide. From there you'd be whisked to the historic Croke Park stadium, home to Ireland's national games of hurling and Gaelic football. A private tour of the stadium would include a breathtaking sky walk across its roof, which offers unparalleled views of the city. Lunch would follow at the Michelin-starred Chapter One, where chef-patron Ross Lewis and his team serve dishes from a bespoke tasting menu. Back to the Merrion for afternoon tea, where the pastries are inspired by the hotel's art collection. Dinner is the eight-course tasting menu at Restaurant Patrick Guilbaud, Ireland's only two-star Michelin dining. Finish the day with a glass of rare Irish whiskey in front of an open fire in the drawing rooms. ■

100 BEST COMPANIES TO WORK FOR

2018



BY
MICHAEL C. BUSH
AND SARAH
LEWIS-KULIN

• **COME FOR THE GENEROUS** sabbaticals, all-expenses-paid trips, or eye-popping bonuses, but stay for the parental leave, visionary management, and sense of purpose. *Fortune's* 21st annual list of the country's greatest places to work truly has something for everyone. And, as you'll see in the pages that follow, they're hiring. >>

ILLUSTRATIONS BY JONATHAN CALUGI

WITH ADDITIONAL REPORTING BY JENNIFER ELSEVER, CHRISTINA AUSTIN, GRACE DONNELLY, ERIKA FRY, LEIGH GALLAGHER, TOM HUDDLESTON JR., BETH KOWITT, ADAM LASHINSKY, SY MUKHERJEE, ANDREW NUSCA, JEFF JOHN ROBERTS, LUCINDA SHEN, ANNE VANDERMEY, JONATHAN VANIAN, PHIL WAHBA, JEN WIECZNER, AND VALENTINA ZARYA

▷▷ To create this list and others like it, each year we at Great Place to Work survey millions of employees in more than 50 countries to glean their insights on what makes them love the work they do and to learn how their employers have created an exemplary work environment. We also conduct a culture audit to review each company's benefits and people programs. And for a company to be one of the best, we ensure that it must be a Great Place to Work for All—that every demographic group in an organization has consistently high scores on our survey.

Since we first began compiling this list in 1998, our methodology has remained relatively unchanged, but our original formula of focusing only on trust, pride, and camaraderie doesn't work anymore. The way we do business—and work—has changed. And we realized that we needed to rediscover the magic—how each workplace uses its organizational

culture as a key ingredient for success. So for this year's ranking, we've added a few new metrics to help us take a more accurate reading of how a company's great workplace culture translates to its growth and corporate excellence.

A Great Place to Work for All has six components we now measure: Values, Innovation, Financial Growth, Leadership Effectiveness, Maximizing Human Potential, and Trust. The key to business success is maximizing human potential, accomplished through leadership effectiveness, values, and trust. Get those pieces right, and you will see innovation and financial growth. To determine the rankings for this year's list of *Fortune's* 100 Best Companies to Work For, we scored each company on these six components after reviewing their employee surveys and culture audit.

We did this to reflect the reality of the world today, and to recognize and learn from the organizations setting the pace—not

just for moral reasons, but for business reasons. Our most recent research shows companies that rate highest on the new "For All" metrics have grown revenue three times as fast as rivals. In other words, while trust fuels business performance, inclusiveness, or being "For All," accelerates it. It makes sense that "For All" organizations race ahead. Because now, business success relies on developing all your human potential. Every employee matters in an economy that is about connectivity, innovation, and human qualities like passion, character, and collaboration.

Applying this new "For All" methodology to this list has produced somewhat different results in the rankings. For the first time, Salesforce tops this year's list, thanks to its efforts to create a Great Place to Work for All, its commitment to philanthropy, and for creating a globally cohesive culture. "The intersection of our values—trust, growth,

innovation, and equality—and our actions creates our Ohana culture," says CEO Marc Benioff. "This culture of family is at the core of everything we do."

Even if you're not a business leader, you can still take an active part in a cultural transformation. Whether you're a mid-level manager, an hourly employee, or a CEO, we invite you to help make your company a great workplace for everyone. We're so convinced that it's better for business, better for people, and better for the world that we've even updated our mission: to build a better world by helping organizations become Great Places to Work for All. And we've set a deadline for achieving it: We want every organization across the globe to be a Great Place to Work for All by 2030. Join us in our mission. No matter what spurs you on, the way forward is the same.

ORGANIZATIONS THAT SCORED HIGH ON MEASURES OF INCLUSIVITY GREW REVENUE THREE TIMES AS FAST AS RIVALS.



MICHAEL C. BUSH and **SARAH LEWIS-KULIN** are CEO and vice president, respectively,

at Great Place to Work, the longtime research partner for *Fortune's* annual list of the 100 Best Companies to Work For, and other best workplaces lists. Great Place to Work also provides executive advisory and culture consulting services to businesses, nonprofits, and government agencies in more than 50 countries on six continents.

SALESFORCE



HQ	San Francisco
EMPLOYEES	17,417
JOB OPENINGS	1,191

FROM ZEALOUS ENCOURAGEMENT of employee philanthropy to dedicated “mindfulness” rooms and entire floors celebrating the company “Ohana” (Hawaiian for “family”), Salesforce has forged an unusual corporate culture from the beginning. Now, thanks to its commitment to creating a uniquely rewarding work environment, Salesforce ranks No. 1 for the first time on *Fortune’s* annual list of the 100 Best Companies to Work For. It got there by offering rich rewards, both monetary and psychic. Many companies pay bounties to employees who refer new hires; Salesforce has paid out \$5.5 million worth of them. The company uses its own software to ferret out strong performers who have gone 18 months without a promotion to help them find new challenges. And employees get paid 56 hours a year to volunteer in their community. That’s a pretty sweet gig.

ONE - ONE - ONE

EMPLOYEES LOVE SALESFORCE'S PHILANTHROPIC COMMITMENT TO GIVE AWAY 1% EACH OF EQUITY, PRODUCTS, AND EMPLOYEE HOURS.

• THE 100 BEST COMPANIES TO WORK FOR •



★ **WEGMANS**
FOOD MARKETS

HQ: Rochester, N.Y. • EMPLOYEES: 47,084 • JOB OPENINGS: 2,000

COMPANY LOYALTY RUNS deep at this more than century-old grocery chain, which spent \$50 million on employee development last year (plus \$5 million in scholarships) and filled half of its open positions internally. Staffers say “fulfilling” work gives them a “sense of purpose,” thanks to Wegmans’ mission of “helping people live healthier, better lives through food.” The civic spirit helps too: The chain reclaims millions of pounds of food every year to feed the hungry.

An employee unloads freshly made bread at a Wegmans supermarket. The company has made our 100 Best list every year since its inception in 1998.



EACH GREEN STAR DENOTES AN ALL-STAR COMPANY: ON THE BEST COMPANIES LIST FOR 20 YEARS OR MORE

3
ULTIMATE SOFTWARE

HQ..... Weston, Fla.
EMPLOYEES..... 4,208
JOB OPENINGS..... 430

“THE BENEFITS are unreal” at this publicly traded HR software company that manages to still feel like “a small family business.” Ultimate matches all employee 401(k) contributions at a rate of 40%, and pays all medical and dental costs. The “reward trips” to places like the Bahamas and Disney World don’t hurt either.

4
THE BOSTON CONSULTING GROUP

HQ..... Boston
EMPLOYEES..... 14,000*
JOB OPENINGS..... 1,000+

EQUALITY of opportunity is prized at this global consultancy, which has spent over \$100 million on a system to make work schedules more predictable in a 24/7 industry. Work/life balance makes “employees happier, more complete humans.” And even junior staffers feel valued: “I have access to leadership world-wide,” says one.

FROM THE RECRUITER

Don't come for a job—come for the career opportunity. Come here if you want to learn. We offer career-long training because our clients look for an adviser who will grow—because their needs will grow.



TOM CURRAN
PRINCIPAL, TALENT ACQUISITION, EDWARD JONES

5
EDWARD JONES

HQ..... St. Louis
EMPLOYEES..... 42,950
JOB OPENINGS..... 3,831

STAFFERS at this financial advisory firm put in some long hours this year, but the extra effort was rewarded with baseball tickets, Starbucks gift cards, and free breakfasts during crunch time. Regular bonuses and overnight family retreats provide “meaningful recognition,” and community outreach contributes to a “wonderful” culture.

6

KIMPTON HOTELS
& RESTAURANTS

HQ..... San Francisco
 EMPLOYEES 8,853
 JOB OPENINGS 680

EMPLOYEES LOVE the "crazy diverse" teams at this boutique hotel and restaurant chain where there's a "culture of inclusiveness and acceptance unlike any other." There are also personalized welcome packages for new hires including their favorite snacks, and most staffers can bring their pets to work.

8

★ GENENTECH

HQ South San Francisco
 EMPLOYEES 14,717
 JOB OPENINGS 847

IN AN INDUSTRY not known for its diversity, this subsidiary of Swiss drug giant Roche boasts 41% minority staff, and women make up 46% of its frontline managerial ranks. "Genentech is the most inclusive company I have ever worked for," says one employee; others cherish the chance to "improve lives" through game-changing drugs.

→ HYATT LETS EMPLOYEES BOOK MOST OF ITS ROOMS FOR FREE.



12

BAIRD

HQ..... Milwaukee
 EMPLOYEES 3,224
 JOB OPENINGS 71

THIS GLOBAL financial services firm defies industry stereotypes by encouraging workers to take time off and put their family first. Respect for everyone—receptionists on up—is mandatory. The firm's famous "no assholes" policy is a "real thing," staffers say. So much so that particularly selfless acts are often termed "very Baird."

7

WORKDAY

HQ.... Pleasanton, Calif.
 EMPLOYEES 6,329
 JOB OPENINGS 766

THIS ENTERPRISE software company is a perk paradise, with unlimited time off, discount backup childcare, and on-site amenities like car washes, bike repair, and manicures. Workday also knows how to party: It "goes big" for Halloween—"honestly it feels like Disneyland"—and the San Francisco office is equipped with a slide.

9

HYATT HOTELS

HQ..... Chicago
 EMPLOYEES 35,309
 JOB OPENINGS 700

THE HOSPITALITY company emphasizes communication, with digital and in-person channels promoting transparency. Employees notice: "I feel this company and in particular this hotel are led superbly from the top." Generous benefits and unique perks [like letting housekeepers leave early if they finish their rooms] add to the good vibes.

10

KIMLEY-HORN

HQ..... Raleigh, N.C.
 EMPLOYEES 3,100
 JOB OPENINGS 385

THE "SPOILED" staffers at this design consultancy get an unheard-of two-to-one 401(k) match, profit sharing, and fully paid health care. Workers are also encouraged to create their own mini-practice, choosing locations and exploring new markets. "The opportunities are absolutely endless," says one.

11

DELOITTE

HQ..... New York City
 EMPLOYEES 87,135
 JOB OPENINGS 4,854

WORK/LIFE balance is paramount at this global consultancy, where "you decide how fast paced/slow paced you want to take it." The \$300 million Deloitte University is a "visible sign" of its commitment to developing employees, who in turn give back to their communities. Some 33,000 volunteered during the firm's Impact Day.

13

INTUIT

HQ Mountain View, Calif.
 EMPLOYEES 6,389
 JOB OPENINGS 397

EMPLOYEES AT this Silicon Valley-based software company (makers of TurboTax, QuickBooks, and Mint) enjoy perks like compressed workweeks, pet insurance, and \$50 bonuses that can be awarded by fellow coworkers. Come tax time, even the CEO pitches in during an all-hands effort to answer users' last-minute questions.

14
QUICKEN LOANS

HQ..... Detroit
EMPLOYEES 15,122
JOB OPENINGS 704

THE DETROIT-based fintech mortgage lender gets props for an “unbelievable” culture. CEO Jay Farner hosts face-to-face meetings with employees where “no topic is off-limits.” And staff can submit business ideas to the Cheese Factory, part of Quicken’s drive to “build a better mousetrap.” It implemented 900 of those ideas last year.



AT COOLEY, ALMOST 10% OF STAFF HAS BEEN THERE 20 YEARS OR MORE.

FROM
THE
RECRUITER

We have a “no-assholes” rule, so we carefully observe whether candidates are respectful of everyone with whom they interact. We ask our receptionists for their impressions and direct feedback.



STACY RICHTER
RECRUITING MANAGER
BAIRD

19
USAA

HQ..... San Antonio
EMPLOYEES 32,896
JOB OPENINGS 2,318

WITH A FOCUS on providing financial products to military families, USAA fosters understanding of its target market by hosting a day of military basic training for 450 employee volunteers each year. And up to \$10,000 in tuition assistance contribute to a diverse workplace, where minorities hold 46% of jobs.

15
TEXAS HEALTH
RESOURCES

HQ..... Arlington, Texas
EMPLOYEES 24,569
JOB OPENINGS 1,154

“**LEADERS** listen” at this nonprofit health system, where staff have “a lot of control over finding the best way to do things,” and execs are known to be “huggers” (in a good way). Worker wellness and development is a priority: In addition to generous benefits, nurses have access to rotational residencies and mentorships.

16
STRYKER

HQ..... Kalamazoo
EMPLOYEES 16,232
JOB OPENINGS 870

EMPLOYEES at the medical device company rave about their “dedicated” colleagues and the “important and meaningful” work. Stryker encourages them to see the “amazing” impact of their jobs with opportunities to observe surgeries, speak to patients and doctors, and participate in hands-on procedures with cadavers.

17
CAPITAL ONE
FINANCIAL

HQ..... McLean, Va.
EMPLOYEES 43,700
JOB OPENINGS 1,500

THE CREDIT CARD company is “welcoming to all walks of life,” with a “focus on cultural diversity that is unsurpassed,” employees say. Its “genuine” CEO, Richard Fairbank, is “focused on making sure everyone knows where we are going.” And last year, associates put in 394,977 volunteer hours to causes like teaching kids to code.

18
COOLEY

HQ..... Palo Alto
EMPLOYEES 1,892
JOB OPENINGS 62

COOLEY MAY BE a powerhouse national law firm, but staffers frequently describe it as “fun.” Employees rave about a culture where teams take time off to accompany underprivileged kids to Disneyland, and karaoke is taken “very seriously.” The firm also gave out \$37.5 million last year in cash and pro bono services—critical for job satisfaction.

★ 20
PLANTE
MORAN

HQ..... Southfield, Mich.
EMPLOYEES 2,234
JOB OPENINGS 65

AT THIS accounting and advisory firm, the only cup of coffee you fetch is your own. New staff, including new grads, are thrust into actual client work from day one. Employees (nicknamed “Plante Moraners”) say they appreciate the occasional thank-you notes from management and the openness to “new ideas and approaches.”

• THE 100 BEST COMPANIES TO WORK FOR •

21

SOUTHERN OHIO MEDICAL CENTER

HQ.... Portsmouth, Ohio
EMPLOYEES 2,810
JOB OPENINGS 135

RATHER THAN hire talent from big cities, this rural hospital grows its own, investing in training and promoting from within—100% of execs have held at least one other position at the company. The CEO “still gives each new employee their name badge” at orientation. “I know it’s cliché, but I really feel like we are a family,” says one staffer.

23

AMERICAN EXPRESS

HQ..... New York City
EMPLOYEES 20,421
JOB OPENINGS 3,000

THE CREDIT card behemoth still understands that “employees are the company’s most vital asset,” staffers say. The long list of perks include yoga on campus, matching charitable donations, and tuition assistance. Another plus, particularly in the finance industry, is that women represent about 57% of its workforce.

25

BAPTIST HEALTH SOUTH FLORIDA

HQ.... Coral Gables, Fla.
EMPLOYEES 16,210
JOB OPENINGS 1,116

THE LARGEST health care organization in South Florida has a “personalized feel” despite its scale, say employees. Nearly 20% of the staff has worked there for more than 15 years. And the faith-based nonprofit puts a premium on developing its people. Last year 75% of leadership positions were filled from within.

26

ADOBE SYSTEMS

HQ..... San Jose
EMPLOYEES 8,673
JOB OPENINGS 1,500

THE MAKER of Photoshop and Illustrator ditched performance reviews six years ago in favor of real-time feedback with bosses. Add to that a focus on innovation [some 960 employees filed a patent last year], and you get people who “truly feel lucky to work” here, and a stock price that’s up nearly 400% in the past five years.

27

THE CHEESECAKE FACTORY

HQ Calabasas Hills, Calif.
EMPLOYEES 37,821
JOB OPENINGS 2,400

THE RESTAURANT chain, famous for portions as massive as its multi-page menu, invests big in its employees. People say they have “lots of potential for growth here”: More than 40% of management positions were filled internally in the past year, and senior restaurant manager roles went to current employees 100% of the time.

22

PINNACLE FINANCIAL PARTNERS

HQ..... Nashville
EMPLOYEES 2,278
JOB OPENINGS 162

ON DAY ONE, new hires at this Southern financial services firm get a gift card for a family dinner, 25 days paid time off, an invite to lunch with the CEO, and stock in the company. That’s only part of why employees say it’s not your “basic boring bank”: Bonuses up to 23% reward those who achieve “Big Hairly Audacious Goals.”

24

CAMDEN PROPERTY TRUST

HQ..... Houston
EMPLOYEES 1,597
JOB OPENINGS 770

“THERE ARE ALWAYS opportunities to grow” say staffers at this publicly traded REIT, people can pursue professional development through Camden U. and bosses hand out not-infrequent unscheduled bonuses. An added perk: Employees can rent suites for \$20 a night in cities where Camden operates.

Researchers at Adobe demo an immersive VR experience. The company offers paid sabbaticals, plus summer and winter breaks for all.



• THE 100 BEST COMPANIES TO WORK FOR •

28
SAP AMERICA

HQ Newtown Square, Pa.
EMPLOYEES 18,598
JOB OPENINGS 991

EMPLOYEES at this software firm (with its worldwide HQ in Germany) take advantage of its broad expertise. In the first half of 2017, SAP delivered 250,000 courses to its U.S. employees, and 88% of workers partook. "I can literally pick anyone out of the corporate address book, call them, and they will help me," says one staffer.

29
KPMG

HQ New York City
EMPLOYEES 30,246
JOB OPENINGS 1,309

TO UNITE its thousands of employees across more than 100 U.S. locations, the consulting giant created its own news site, KPMG Today, that produces live video communication and has drawn 2.7 million views since 2017. Despite its size, every employee works with staff at "every level," and the "flatness of the organization shines."

30
NVIDIA

HQ Santa Clara, Calif.
EMPLOYEES 6,158
JOB OPENINGS 1,326

IT'S ALL ABOUT family at this soaring Silicon Valley semiconductor and software company, which offers unlimited time off and 110 days of maternity leave. [Dads get 60 days.] "I have always had the sense that management recognizes and is happy to accommodate my need to put my family first," one employee says.

THE STUDENT-LOAN RELIEF AT NVIDIA PAYS OUT UP TO \$30,000.



FROM
THE
RECRUITER

Be genuine. Keep your introduction concise. Be prepared to answer questions. If you need a moment to think, ask for it. Ask questions. And save your salary negotiating for after you receive your offer.



ELAINE POUCHER
DIRECTOR, RECRUITING,
PROTIVITI

31
ORRICK, HERRINGTON
& SUTCLIFFE

HQ San Francisco
EMPLOYEES 1,535
JOB OPENINGS 28

EMPLOYEES CALL Orrick, a large international law firm, a "truly collaborative place where entrepreneurship and innovation are valued." The firm's "2% initiative" asks partners to devote 2% of their time to devising ways to improve the workplace, and there's an annual \$50,000 prize for the best office innovation idea.

32
VETERANS UNITED
HOME LOANS

HQ Columbia, Mo.
EMPLOYEES 2,419
JOB OPENINGS 92

THIS MORTGAGE lender for military members and vets, has a "be passionate and have fun" motto that translates into Office Olympics, dodgeball tournaments, and field days. Free gym memberships and snacks, along with optional subsidized mission trips to places like Jamaica and Haiti, put VU "in an entirely different league."

33
HILTON
WORLDWIDE

HQ McLean, Va.
EMPLOYEES 60,224
JOB OPENINGS 3,610

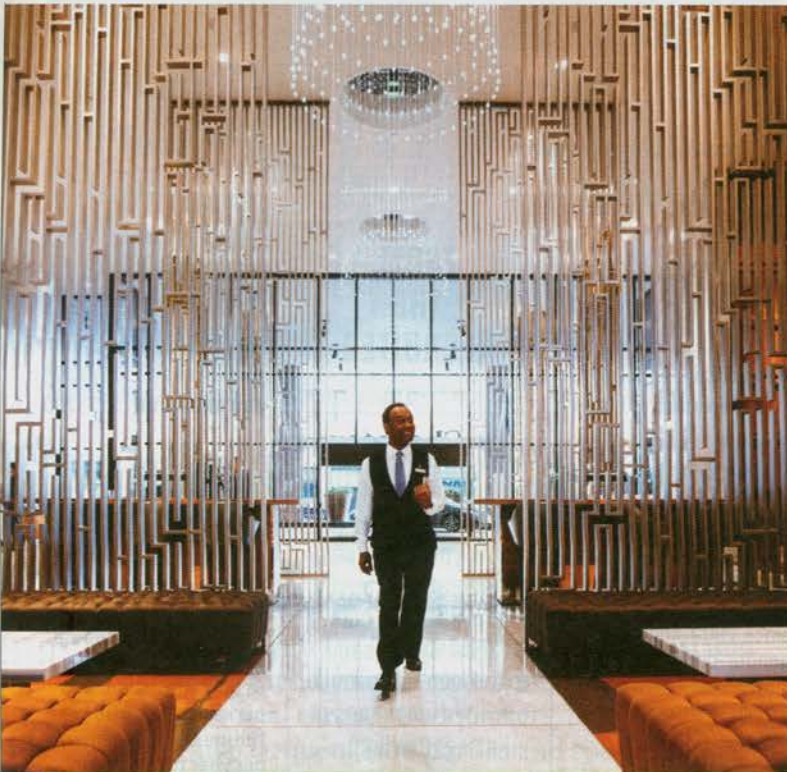
DIVERSITY is woven into the DNA of this "inclusive" national hotel chain, thanks to a workforce that's made up of 69% minorities. Hilton makes a point to partner with minority-owned businesses (directing 21% of supplier spending their way). Programs like parental leave, sabbaticals, and adoption assistance are the cherry on top.

34
CARMAX

HQ Richmond
EMPLOYEES 24,952
JOB OPENINGS 1,400

THE USED-CAR retailer, with over 185 locations, has a committee to ensure employee morale is high, plus managers who are "great at listening" and incorporating feedback. Training here is "second to none," and the company offers "true, meaningful development," helping staffers grow "both professionally and personally."

• THE 100 BEST COMPANIES TO WORK FOR •



At Marriott International, employees with a tenure of 25 years and up get free hotel stays for life; 50-year veterans get a \$5,000 check too.

38

CADENCE DESIGN SYSTEMS

HQ..... San Jose
EMPLOYEES 2,881
JOB OPENINGS 400

EMPLOYEES appreciate CEO Lip-Bu Tan, whose “decisive, yet caring and humble” leadership brought the software company’s stock to new heights after its recession doldrums. Plus, academic seminars “encourage innovation,” and a Bungee Program for temporary cross-department work builds a sense of “community and teamwork.”

39

VMWARE

HQ..... Palo Alto
EMPLOYEES 10,058
JOB OPENINGS 1,360

BURNOUT is a nonentity at this enterprise tech company, thanks to myriad development programs that “keep everyone energized.” After three years, staffers can take part in a “Take 2” training program to learn new skills. Five-year veterans can sign up for the “Take 3” program to work on new projects for up to three months.

35

★ **MARRIOTT INTERNATIONAL**

HQ..... Bethesda, Md.
EMPLOYEES 136,781
JOB OPENINGS 6,182

FRESH OFF a \$13 billion merger with Starwood, the world’s now-largest hotel company has preserved its prized culture as it has scaled up. Employees feel that “at Marriott, we are family.” And their loyalty is rewarded: Company veterans of 25 years—who number more than 10,000—get lifetime free stays at Marriott properties.

36

DAVID WEEKLEY HOMES

HQ..... Houston
EMPLOYEES 1,624
JOB OPENINGS 109

HOW MANY employers help you foot your kids’ tuition bill? Here, staffers’ children can get four-year scholarships [as much as \$2,000 per child], plus the possibility of summer internships at the homebuilder. The benefits are also sweet: Employees get a generous 401(k) match of up to 8% of salary—with a profit-sharing kicker.

37

★ **SAS**

HQ..... Cary, N.C.
EMPLOYEES 5,640
JOB OPENINGS 199

THE HEADQUARTERS of this software company, is like a “sacred ground for analytics” and doesn’t skimp on perks. Amenities include a medical center, fitness facilities, a bakery, and cafés [“SAS pizza” for takeout on Fridays is a favorite]. With an entire department dedicated to work/life balance, the company “lets people put family first.”

FROM THE RECRUITER

We get more than 90,000 applicants a year, so it’s important to stand out from the crowd. One of the best ways to do that is through a referral. Check LinkedIn, Facebook, and your networks of friends.



ILYSA RAPHAEL
 VP, MARKETING,
 POWER HOME REMODELING

40

ALLIANZ LIFE INSURANCE CO. OF NORTH AMERICA

HQ Golden Valley, Minn.
EMPLOYEES 1,868
JOB OPENINGS 33

“I HAVE WON the employer lottery,” says one staffer at this 122-year-old insurer. Monthly employee awards ceremonies, college scholarship giveaways for children of staff, and even one-on-one time with the CEO make people “feel like [our] work really does matter.” [The on-campus putting green helps too.]

41
SCRIPPS HEALTH

HQ..... San Diego
EMPLOYEES 14,496
JOB OPENINGS 620

AT THIS \$2.9-billion-in-revenue nonprofit (with 700,000 patients annually), the “well-being” of staff is “essential” to business decisions, say employees who praise “top-notch” leadership. Evidence? Its “caring and approachable” CEO, Chris Van Gorder, personally dedicates 96 hours to teaching at the Scripps Leadership Academy.

42
NAVY FEDERAL CREDIT UNION

HQ..... Vienna, Va.
EMPLOYEES 14,462
JOB OPENINGS 676

WITH THOUSANDS of employees, the world’s largest credit union still maintains a “hometown feel.” Serving a clientele of armed service members and their families, employees are “proud” to work here. And benefits aren’t bad either: 401(k) matching up to 7% of salary, 12 weeks of maternity leave, and pension plans.

43
★ REI

HQ..... Kent, Wash.
EMPLOYEES 12,145
JOB OPENINGS 744

THIS 80-YEAR-OLD co-op “walks the walk” on inclusion—offering same-sex benefits since 1992, covering gender-confirmation surgery, and making a point to promote women. CEO Jerry Stritzke (known for wearing flip-flops around the office) has helped drive a national campaign to preserve public lands “for all.”

FROM THE RECRUITER

Positivity can go a long way. It’s important for us to know you would be a collaborative, friendly, and engaged colleague. By the same token, don’t talk about previous employers in a negative light.

++

CLAUDINE HOVERSON
VP, TALENT RECRUITMENT
SYNCHRONY FINANCIAL

44
SYNCHRONY FINANCIAL

HQ..... Stamford, Conn.
EMPLOYEES 15,000*
JOB OPENINGS 1,000

EMPLOYEES AT this financial services company see their careers here as a launchpad to “become whatever [they] want to become,” thanks to perks like \$20,000 in tuition reimbursement per year for full-time associates. CEO Margaret Keane, who started out working at a call center, is an inspiration to dream big.

AT SCRIPPS HEALTH, THE 401(K) MATCH INCREASES WITH TENURE.



In a male dominated industry, Synchrony financial has a female CEO plus active diversity networks, programs, and forums.



ADVANCED TECHNOLOGY CENTER

Hopper

45 WORLD WIDE TECHNOLOGY

HQ: St. Louis • EMPLOYEES: 4,128 • JOB OPENINGS: 350

A "FUN" AND "DRIVEN" company, this systems integrator is packed with the "brightest and best minds" and plenty of "friendly faces." Sweeteners include free on-site medical care at headquarters, plus nice "little extras" like frequent staff parties and sports tickets.

WWT's Advanced Technology Center is an incubator and testing lab for new ideas around big data, the cloud, security, and more.

46
PROTIVITI
HQ..... Menlo Park, Calif.
EMPLOYEES 2,411
JOB OPENINGS 935

"THERE'S A genuine desire to see your peers succeed," says one person at this Silicon Valley consultancy, founded post-Enron by ex-Arthur Andersen internal audit and risk consulting employees. "Approachable" bosses champion "flexible" schedules, and "recognition workshops" train staffers to thank each other meaningfully.

47
★ PUBLIX SUPER MARKETS
HQ..... Lakeeland, Fla.
EMPLOYEES 189,607
JOB OPENINGS 6,790

THE ONLY requirement for working at this 87-year-old privately held and associate-owned grocery chain is a "deep desire to serve others." That broad mandate has led to a diverse workforce in every regard, including age—one out of every four associates is 50 or older, including 26 employees over the age of 90.

48
★ CISCO
HQ..... San Jose
EMPLOYEES 36,284
JOB OPENINGS 1,381

"A GENUINE sense of family" makes the culture stand out at this information technology giant, where new parents get up to 13 weeks of paid leave (non-primary caregivers get four weeks), plus more available unpaid. A day off for birthdays, plus five paid days to volunteer, helps put "the Cisco experience truly above any other."

50
BURNS & MCDONNELL
HQ..... Kansas City, Mo.
EMPLOYEES 5,534
JOB OPENINGS 1,074

THIS MISSOURI-based engineering firm is 100% employee-owned, which motivates staffers to work toward its "collective success." People also love the on-site amenities, including a pharmacy and day-care center, along with regular company celebrations like the annual pancake breakfast and trivia competitions.

52
★ EY
HQ..... New York City
EMPLOYEES 43,874
JOB OPENINGS 2,600

STAFF ARE "high-skilled" and "driven" at this professional services firm, where an "open-door" ethos and a newly relaxed dress code [jeans are A-OK] add to the "safe environment." Plus, a "trailblazing" leave policy allows all parents four months of paid time off, and staff can take flexible workdays should the need arise.

• THE 100 BEST COMPANIES TO WORK FOR •

49
REGENERON PHARMACEUTICALS
HQ..... Tarrytown, N.Y.
EMPLOYEES 6,323
JOB OPENINGS 534

REGENERON IS a scientist's drug company. Founded by a pair of them in 1988, they run the biotech in a way that employees say sets it apart from Big Pharma. "The focus is not on the bottom line but on the patient," says one. Of particular pride: Regeneron's commitment to R&D and its "endless [drug] pipeline."

51
★ JM FAMILY ENTERPRISES
HQ Deerfield Beach, Fla.
EMPLOYEES 4,180
JOB OPENINGS 123

WORKING FOR the automotive company founded by a billionaire car dealer, the late Jim Moran, comes with major perks, from use of the corporate jets to yacht rides and retreats in the Bahamas. A high minimum wage of \$16 an hour and an "out-of-this-world" retirement plan help make it "truly a family-oriented company."

53

NATIONWIDE MUTUAL
INSURANCE COMPANY

HQ..... Columbus
EMPLOYEES 32,700
JOB OPENINGS 806

WORKING HERE, staffers say, you get the feeling the insurance giant "is on your side." [Yes, the jingle is that catchy.] Managers nurture employees' careers, and an impressive 80% of leadership roles are filled internally. The company also offers a "robust" pension plan after one year and an annual bonus for the entire workforce.

AT BUILD-A-BEAR, BOTH KIDS AND PETS MAKE FREQUENT OFFICE VISITS.



54

SLALOM CONSULTING

HQ..... Seattle
EMPLOYEES 4,426
JOB OPENINGS 1,182

"CONTAGIOUSLY friendly and supportive," the Slalom workplace is one "devoid of politics and stacked with supersmart people," employees say. The 24-year-old consulting firm encourages workers to "do what is right" and "build a better future." Both full-timers and part-timers get 26 paid days off, with an additional 19 sick days.

55

BUILD-A-BEAR
WORKSHOP

HQ..... St. Louis
EMPLOYEES 4,543*
JOB OPENINGS 38

IT'S "HARD not to smile when you come into work" at this teddy bear retailer. But don't be fooled; the hiring process is intense. The company follows up with all candidates, fills most jobs internally, and is "exceptionally amazing" selecting great new employees, who get an offer letter delivered personally by a Messenger Bear.

56

PRICEWATERHOUSE-
COOPERS

HQ..... New York City
EMPLOYEES 45,817
JOB OPENINGS 3,341

WITH OFFICES in 157 countries, the audit and consulting powerhouse appeals to globe-trotters with its secondment program, allowing staff to work overseas—knowing they can always come back to a job at home. Other perks include unlimited sick days, extra money toward student loans, and paid sabbaticals.

FROM
THE
RECRUITER

We encourage candidates to be themselves. It's the best way to evaluate for a good fit. But do your homework. One small common mistake is calling us "St. Jude's." It's always "St. Jude," never possessive.

++

JOHN LEECH
DIRECTOR OF TALENT
ACQUISITION, ST. JUDE

58

PERKINS COIE

HQ..... Seattle
EMPLOYEES 2,139
JOB OPENINGS 94

FORGET THE grueling hours in Big Law. This Seattle firm has a 37.5-hour workweek [35 in New York], with flexible hours, and the option to borrow up to one week of future paid time off accruals. Attorneys at Perkins Coie call the culture "open," "friendly," "diverse," and "team-oriented"; there really are "no jerks" allowed.

57

ST. JUDE CHILDREN'S
RESEARCH HOSPITAL

HQ..... Memphis
EMPLOYEES 4,355
JOB OPENINGS 176

ST. JUDE Children's Research Hospital's mission of helping children with serious illness is the most gratifying aspect of working here. Employees "genuinely" look forward to work, and "morale is extremely high." Meanwhile, "personable" leaders "make sure everyone in every position knows how important their job is."

59

AMERICAN FIDELITY
ASSURANCE

HQ..... Oklahoma City
EMPLOYEES 1,826
JOB OPENINGS 387

AT THIS supplemental-benefits provider, there's a team whose sole purpose is to solicit employees' business ideas, suggestions, and pitches—and then put them into action. Workers praise the company's willingness to hear even "outspoken" criticisms and tout "special treats" like "food truck days" and parties on "bonus day."

60
ACCENTURE

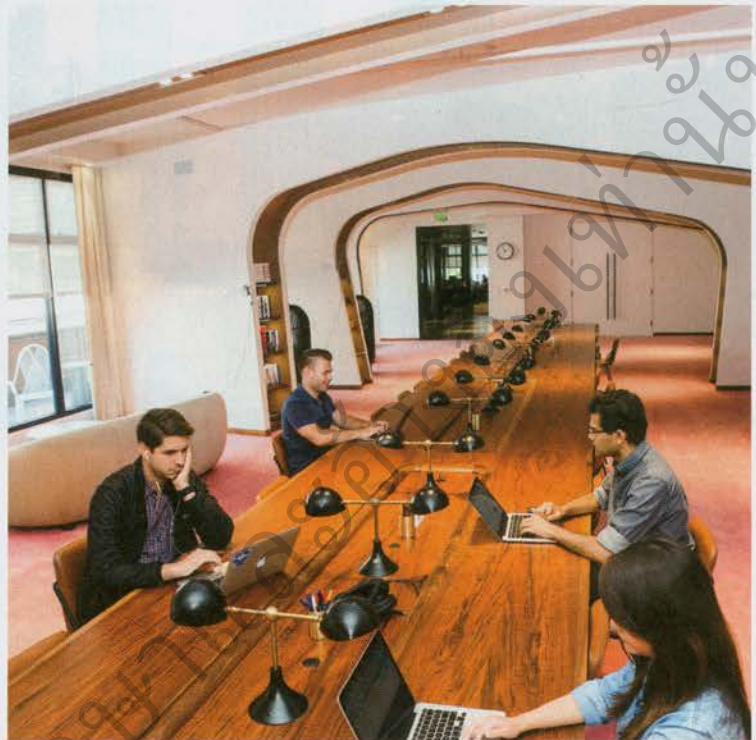
HQ..... New York City
EMPLOYEES 50,000
JOB OPENINGS 3,300

THIS PROFESSIONAL services giant puts a “strong focus” on originality—building Innovation Labs around the world to bring new tech to clients and offering awards and retreats for “inventors” inside the company. Employees love the “agile” and “inspiring” teams, and say that when it comes to inclusion, Accenture “really means it.”

62
CROWE
HORWATH

HQ..... Chicago
EMPLOYEES 4,000
JOB OPENINGS 334

EMPLOYEES have a sense of “personal ownership” at this accounting and consulting firm, where the dress code isn’t strict [except for client meetings], and telecommuting isn’t verboten—90% of staff work remotely at least some of the time. Also impressive: Staffers can take 96 paid hours of volunteer work a year.

61
CREDIT ACCEPTANCE

HQ..... Southfield, Mich.
EMPLOYEES 1,800
JOB OPENINGS 878

OVER THE PAST five years, this auto lender has paid out more than \$10 million in profit-sharing bonuses—part of the pervasive team spirit at the company where “every person and idea is taken seriously.” Employees also say they’re “trusted” to create schedules that work for them. Says one: “Flexibility is a HUGE asset here.”

63
FIRST AMERICAN
FINANCIAL CORP.

HQ..... Santa Ana
EMPLOYEES 12,301
JOB OPENINGS 729

EVERY MONTH, First American donates \$1,000 to charity in the name of an employee who recently volunteered. Staff praise the “real sense of camaraderie” at the financial services company. “The people I work with are the best people I’ve gotten to know!” says one. “We are basically a family, and it makes me enjoy coming to work.”

64
DROPBOX

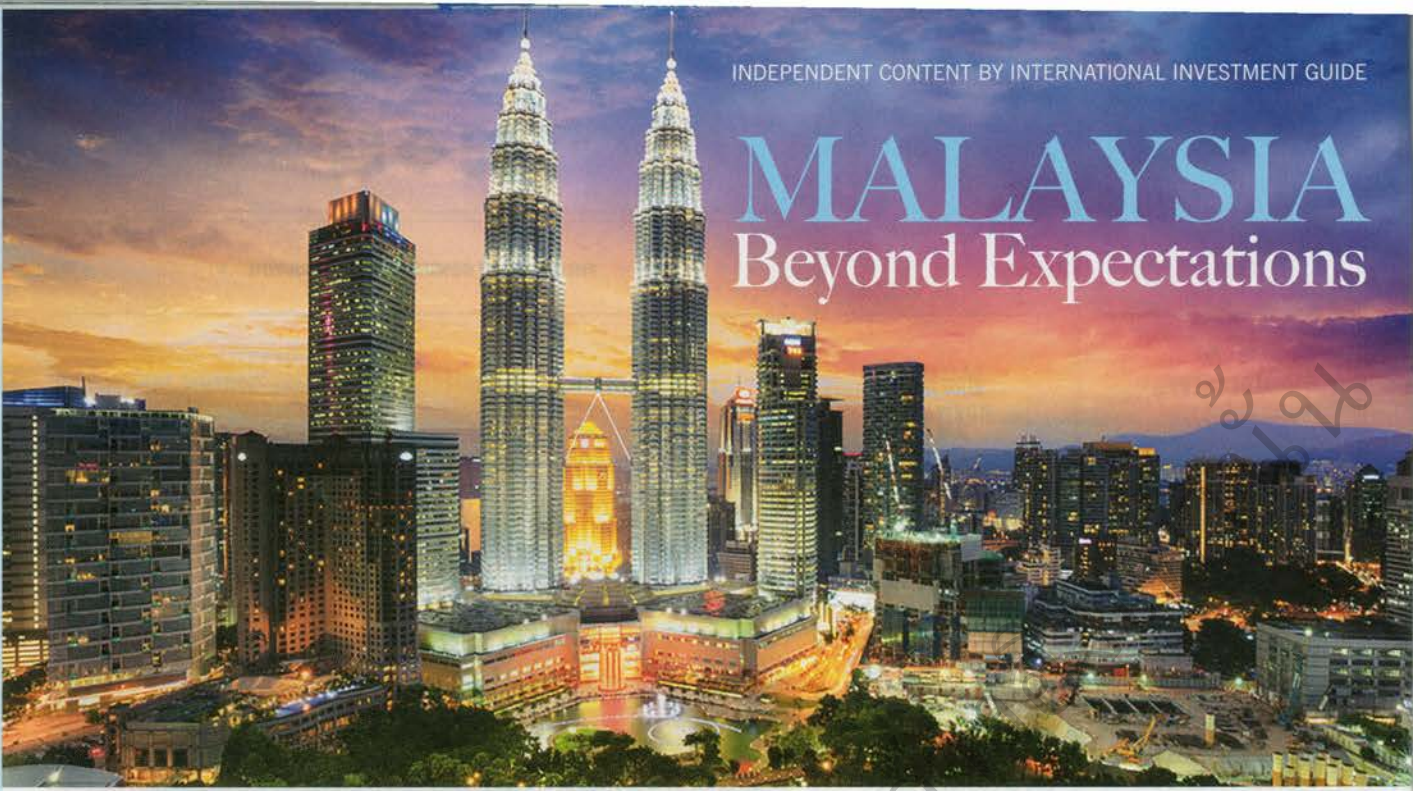
HQ: San Francisco • EMPLOYEES: 1,535 • JOB OPENINGS: 845

EMPLOYEES AT THIS SILICON VALLEY darling love the “supportive work environment” where they can “innovate irrespective of role, level, or seniority.” The annual Hack Week gives staffers five days to work on any project (even the moonshots). And there’s a “clear dedication” to diversity: Dropbox responded to the immigration ban last year with extra support from HR and legal advice to those affected.

The Dropbox Library, one of the company’s productivity spaces, gives employees a quiet place to focus. The design is inspired by Italian opera houses.

MALAYSIA

Beyond Expectations



A GAINST ALL EXPECTATIONS, 2017 TURNED OUT to be a bumper year for the Malaysian economy. Thanks to a combination of the government's prudent economic management and success in creating a user-friendly business environment, the World Bank felt obliged to revise growth estimates upward not once or twice, but three times. Once all the data has been collated, Malaysia's GDP will be forecast to have grown by 5.9% over the 12-month period.

The international investment community has taken due note. Last February, Saudi Aramco announced that it was planning to invest US\$7 billion in the Petronas Refinery and Petrochemical Integrated Development Refinery in Johor, making it the company's largest downstream investment outside Saudi Arabia. In November, the Chinese ecommerce giant Alibaba's founder and chairman Jack Ma chose to launch the world's first Digital Free Trade Zone (DFTZ) outside of China on two brownfield sites close to Kuala Lumpur International Airport.

One reason Ma settled on Malaysia for this milestone initiative was, of course, the country's strategic location close to the Strait of Malacca. Already one of the world's busiest ship channels, it is only likely to see traffic volumes increase over the next few decades on account of China's multibillion-dollar investment in its Belt and Road initiative. President Xi's plan to boost commercial links between Asia and Europe by reviving the historic Silk Road trade routes.

As a founder member of the relatively new ASEAN Community economic bloc, Malaysia's geographic position is also playing into the hands of its financial sector. "Historically, companies and investors based in Central Asian countries like Kazakhstan would normally look to Dubai or London as their default financial hub," observes Kenanga Investors CEO Ismitz Matthew De Alwis. "These days, they are more likely to be factoring Malaysia into their decision-making process because we are both geographically and culturally closer. It is also more practical to work with us because we are in the same time zone and find it easier to work with Japan, Singapore, China, and Hong Kong."

There are other reasons why Malaysia is increasingly being perceived as a good place to both invest and do business in. High among these are the series of transport and infrastructure projects initiated by the authorities as part of their drive to nurture a business-friendly environment. These include the Pan-Borneo Highway and the three-line Klang Valley Mass Rapid Transit System serving the Greater Kuala Lumpur area.

Then there are its five economic corridors. Beginning with Iskandar Malaysia, established more than 10 years ago, the corridors act as hubs for the promotion of free trade and business incentives in strategic investment regions and are designed to give some sort of regional balance to Malaysian economic development.

At least one them has fulfilled its objective. "We have seen a significant interest from investors since the introduction of the corridor," says Datuk Yaakub Johari, president of SEDIA (Sabah Economic Development and Investment Authority), which acts as a one-stop shop for investors looking for opportunities along the Sabah Development Corridor. "I think the most important thing is that, because the state and federal authorities are working in unison and giving out the same message, it gives potential investors confidence."

So what of Malaysia's immediate future? More of the same, appears to be the general consensus, with the economy on track to maintain a growth rate of between 5.5% and 5.8% again this year driven largely by private-sector domestic demand and supported by stable labor market conditions and continued income growth. If these predictions prove correct, there is every possibility that Malaysia remains on track to attain its goal of earning reclassification as a high-income developed nation by the end of the decade.

If the government has its way (a general election is due to be held sometime during 2018), this is only one step on a longer journey. In October 2016, Prime Minister Datuk Seri Najib Razak launched the Transformasi Nasional 2050 (TN50) project that aims to use this anticipated upgrade in status as a platform from which to transform Malaysia into one of the world's leading countries in terms of economic development, citizen well-being, and innovation. ●

SABAH—SOUTHEAST ASIA'S RISING STAR

It is now almost four years since China's President Xi Jinping launched the One Belt One Road (OBOR) initiative as part of his plan to reopen the old Silk Road trade routes between East and West.

SINCE THEN, AN ESTIMATED US\$1 trillion has been committed to the development of the roads, railways, and ports that connect Asia to Europe.

With most of the commercial vessels transporting cargo across the OBOR's southern maritime route obliged to pass through the Strait of Malacca, this is potentially very good news for the East Malaysia state of Sabah and the Sabah Economic Development and Investment Authority (SEDIA), which has been tasked with turning what has historically been one of Malaysia's least developed states into one of the region's leading economies.

Sabah is situated on the northern tip of the island of Borneo and subsequently enjoys a prime strategic location between the South China Sea and the strait, one of the world's busiest shipping lanes. But as well as having great potential as a trading hub, Sabah is endowed with its own rich natural resources, including oil and gas, fisheries, agricultural, and forestry.

Nearly 10 years ago, in recognition of the state's economic potential, Sabah was designated as one of Malaysia's five economic corridors with the dual aim of improving its inhabitants' quality of life and accelerating economic growth. A year later in 2009, SEDIA was set up to promote inward investment and to coordinate the respective efforts of the state and federal governments in this field. Working closely with the Malaysian Investment Development Authority, BiotechCorp, and other

investment promotion agencies, SEDIA has had a steadily growing momentum. By 2015, Sabah had become Malaysia's fastest-growing state. It is expected to carry on growing at an average rate of 4% to 5%.

As a way of focusing its efforts, SEDIA has identified several key focus areas (KFAs) where it hopes to attract investment: oil/gas and energy, tourism, manufacturing and logistics, palm oil, and education. In recognition of its significance to the national economy, energy has been one of SEDIA's top priorities from the outset.

Completed in 2014 through a JV between Samsung Engineering and the state-owned Petronas, the Sabah Oil and Gas Terminal (SOGT) already handles the daily production of some 300,000 barrels of crude oil and 1 billion standard cubic feet from the offshore West Coast Field in the South China Sea. More than 25% of Malaysia's hydrocarbons lie beneath Sabah's waters, and the terminal is part of Petronas's larger Sabah-Sarawak Integrated Oil and Gas Project, which also includes the development of several other offshore fields and the 500-kilometer Sabah-Sarawak Gas Pipeline (SSGP).

SABAH IS ADDITIONALLY BLESSED WITH A NATURAL ECOSYSTEM THAT SEEMS TAILOR-MADE FOR 21ST-CENTURY TOURISM.



Datuk Dr. Mohd. Yaakub Hj. Johari
President and Chief Executive of SEDIA

Its lush rain forests and Gunung Kinabalu (Southeast Asia's highest mountain) are home to some weird and wonderful flora and fauna such as flying frogs and squirrels, mud-walking fish, diving monkeys, and insect-eating plants. It also boasts scenery of outstanding beauty, perhaps the most stunning of which involves a 215-kilometer trek to the Tanjung Simping Mengayau headland on the tip of the Kudat Peninsula where the South China and Sulu seas merge.

Annual visitor numbers now stand at 3 million, triple what they were 15 years ago, and it seems that Sabah's potential as a tourist destination is far from exhausted. SEDIA is now focusing its attentions on attracting a combination of long-stay visitors, eco-adventure tourists and high-end second-home buyers. A central part of its Coastal Tourism Master Plan is the development of the Kinabalu Gold Coast Enclave, a string of four luxury tourist developments for which it is looking to attract around US\$2.8 billion in inward investment by the end of the decade.

Palm oil is the second-most-traded vegetable oil crop in the world, Malaysia is its second-largest producer, and Sabah

is its palm oil belt. But while palm oil has traditionally been used in cooking, it is now starting to be used in biotech products as well as an ingredient in bio-diesel and as a fuel to be burned in power stations to produce electricity. To capitalize on the increase in demand that this is expected to trigger, SEDIA has set up two palm oil industrial clusters that have already attracted overseas investors. Three years ago, the U.S.-based Elevance Renewable Sciences agreed to partner with Malaysia's GIB in the construction of a bio-refinery in the Palm Oil Industry Cluster (POIC) that is due to come on-stream next year.

The POIC has been one of SEDIA's success stories and has attracted more than US\$2 billion in investments, with a new container terminal scheduled to open later in the year. It is just one of many transport and logistic projects, including the recent modernization of the Kota Kinabalu International Airport complementing the state's premier Sapangar Bay Container Port, soon to be upgraded, that SEDIA is championing to make Sabah a significant hub in today's globalized economy. ●



KENANGA INVESTORS GROUP—MALAYSIA'S TOP-PERFORMING FINANCIAL STAR

Chinese e-commerce giant Alibaba's founder and chairman Jack Ma is just about the brightest star in Southeast Asia's digital universe.

SO WHEN HE ANNOUNCED earlier this year that he had chosen Kuala Lumpur as the location for his multibillion-dollar regional distribution hub, it was quite rightly seen as a ringing endorsement for Malaysia's bid to establish itself as one of ASEAN's major logistics centers and investment gateways.

Home to more than 622 million people and with a combined GDP of close to US\$3 trillion, ASEAN is increasingly an economic force to be reckoned with, while Malaysia is rapidly emerging as one of its most attractive destinations for inward investment. According to the World Economic Forum's Global Competitiveness Report for 2016-17, it has the fourth-least-burdensome regulatory environment in Asia as well as one of the region's most well-developed financial infrastructures.

And one of the brightest stars of the Malaysian financial sector is Kenanga Investors Berhad (KIB), which over the past five years has developed into one of the country's top investment and asset management houses to watch in terms of innovation, progressiveness, and consistent investment returns. This has all happened under the careful stewardship of its chief executive officer, Ismitz Matthew De Alwis, who was recently awarded 2018 Malaysia CEO of the Year by Asia Asset Management's Best of the Best Awards for the second consecutive year. The awards also named the Fund House as the Best Pension Fund Manager (Malaysia).

KIB is currently on something of a roll. It had snapped up several key industry awards in the past year, with the most recent being named as Investors' Choice—Fund House of the Year 2017, voted in by investors through FundsSupermarket.com. This further complements KIB's earlier prestigious recognition as Best Islamic Equity Group by The Edge Thomson Reuters. KIB's funds have also won many accolades over the years and are widely recognized as being among the consistently top-performing in the country.

Such is its reach and reputation that there is rarely a major regional or local awards ceremony hosted by the international financial sector's media where one of KIB's products is not recognized or rewarded. De Alwis attributes both his own and KIB's success to a healthy combination of a rock-solid performance record and a steadfast commitment to innovation, a philosophy embraced by everyone in the organization. This belief and conviction in progress is also evidenced across the board; its parent company Kenanga Investment Bank Berhad, for example, recently joined forces with Japan's Rakuten Securities to launch the first-ever Malaysian full online trading system complete with straight-through processing to Bursa Malaysia.

Since its acquisition of 100% interest in ING Investment Management's local unit back in 2013, it now controls four subsidiaries: Kenanga Islamic Investors, Kenanga Funds, and two other



Ismitz Matthew De Alwis
CEO of Kenanga Investors Group

nominee companies. Between them, they offer a wide range of products and services, including fund management for unit trusts and private retirement schemes (PRS), investment advisory, collective investment schemes, portfolio management services, and private wealth services, as well as segregated private mandates and alternative investments for retail, corporate, and institutional clients.

On the acquisition, De Alwis explains, it was part of a concerted effort on behalf of the bank to diversify its asset management services. "Historically, we were predominantly known as an institutional player that managed pension funds, Malaysian GLCs, and large corporate clients," he says.

"WE HAVE NOW DIVERSIFIED OUR STRATEGIES TO INCLUDE MASS RETAIL MARKETS THROUGH MULTI-DISTRIBUTION CHANNELS. Moving ahead,

we plan to further grow our clientele in the mass affluent to high-net-worth-segment market."

To this end, KIB is now on a mission to cater for Malaysia's professional classes in addition to its well-stocked pool of

high-net-worth individuals (HNWI), who, De Alwis reasons, already have the millions or so required to set up a private wealth account to handle their investment affairs. Consequently, Kenanga is now also turning its attention to the ever-growing pool of working professionals who are starting out with savings of between US\$50,000 and US\$100,000 and who are equally in need of the advice that KIB's network of financial consultants (licensed individuals who are authorized to market and distribute unit trusts and/or PRS) are ready to provide.

To help this network give Kenanga's new customer base the most appropriate and up-to-date advice, KIB offers to its clients KenWealth, a customer relationship and portfolio management platform that provides clients with access to over 20 well-established product partners within the industry. Instead of the run-of-the-mill products that are usually heaped onto a client, KenWealth first assesses clients' profiles, their financial statuses, and their risk tolerance levels before selecting the most suitable products that will then make up their entire portfolio—from investment protection that is made up of both life and general insurance, to treasury deposits and wills and trusts.

Any online tool is, of course, only as good as the information, data, and analysis that it has been set up to harness, as De Alwis is only too aware. He also knows that most of KIB's clients are not necessarily looking for spectacular—and therefore, by definition, high-risk—returns on their capital. “We are at a point in the cycle where we have a new generation of financially educated investors who are not looking for superstar funds or one-day wonders,” he explains. “They just want consistency, which is why we ensure that our funds have steady three-, five-, and 10-year records.” Performing investment vehicles coupled with customization and flexibility factors only add on to how seriously KIB intends to develop this sophisticated group of clients even further.

In 2013, to meet this demand for a reliable return on investment, KIB launched its first absolute return fund. Like other such funds, the Kenanga Asia Pacific Total Return Fund was designed to produce a positive return regardless of prevailing market conditions, and it has so far done exactly what it set out to do. With 40% of its equity allocation in Hong Kong and a further 10% each in Taiwan and South Korea, the fund delivers a compound return of 10% per year.

A product of Malaysia's rapid growth over the past 25 years, the emergence of an affluent middle class is not the only socioeconomic development that De Alwis and his colleagues at KIB are in the process of addressing. In recent months, a tongue-in-cheek scarf TV advertisement showing a young woman applying shampoo to her hijab went viral when posted on YouTube. While it provoked some anger but also a great deal of humorous appreciation for the parody that it was intended to be, it can also be seen as emblematic of the growing purchasing power of the nation's Muslim population. And in a country where more than 60% of the inhabitants—around 20 million people—are adherents of Islam, financial institutions such as KIB are making ever-greater attempts to meet

that market's requirements by developing Islamic banking products and services.

Malaysia's Islamic finance industry has, in fact, been in existence for well over 30 years, ever since the Islamic Banking Act of 1983 paved the way for the country's first Islamic bank. Malaysia's total Islamic banking assets currently stand at around US\$65.6 billion and regularly record an annual growth rate of 18%-20%. And, along with a number of full-fledged Islamic banks, many of these assets are managed by the Islamic subsidiaries of conventional financial institutions, including KIB's Kenanga Islamic Investors Berhad (KIIB) arm.

ACCORDING TO THE PRECEPTS LAID DOWN IN SHARIAH LAW, ISLAMIC FINANCIAL PRODUCTS MUST BE BASED ON THE CONCEPT OF MUTUAL RISK AND PROFIT-SHARING BETWEEN THE PARTIES.

Interest (riba), gambling (maisir), and speculative trading (gharar) are prohibited, shifting the emphasis onto leasing (ijarah), profit-sharing (mudharabah), and partnerships (musarakah).

“Our Islamic products are now focused on equities and fixed-income funds, and we believe there will be further growth in this area,” De Alwis predicts. “There is a global Islamic wealth pool of around US\$11 trillion to \$12 trillion that could be unlocked in the years ahead.”

All of KIB's Islamic financing, treasury, and stockbroking products are subject to scrutiny by its own Shariah Committee, which brings together four experts in Shariah law whose role it is to ensure full compliance to the principles of Islam. Local regulatory bodies have been spearheading the growth of this segment not only locally but also globally. The Securities Commission Malaysia (SC) recently launched the Islamic Fund and Wealth Management Blueprint to strengthen Malaysia's competitive position in the

global Islamic financial sector.

His reference to the global nature of the Islamic wealth pool is telling, for it points to the growing international nature of KIB's ambitions: “Our current strategy and strength is primarily for the Malaysian-centric market, but we do have a growing clientele across ASEAN. In practical terms, companies in the same time zone as their investors have a competitive advantage. From here we can easily work with clients in Singapore, Japan, China, and Hong Kong. Even companies in Kazakhstan, which might have traditionally considered London or Dubai as their natural choice for a financial hub, may in the future consider Malaysia, as we are both geographically and culturally closer, apart from leveraging on Malaysia's existing infrastructure and capabilities in Islamic finance.”

De Alwis knows the company's limitations as well as its strengths, however, and has decided to set up strategic alliances in the countries where it is looking to expand its client base. “In today's volatile and highly specialized markets, it is a much more efficient way for us to work with local companies than to set up offices abroad,” he explains, “and it has delivered much better results for us.”

As well as KIB's track record and reputation, the international investment community is being increasingly drawn to work with Kenanga because of Malaysia's growing potential as a point of access for ASEAN. When Ma proposed setting up a Digital Free Trade Zone for his e-commerce operation last year, he was amazed that it only took four months to push the legislation through.

Malaysia offers investors a dynamic and vibrant business environment with the ideal prerequisites for growth and profits.

THE COUNTRY IS SUPPORTED BY A MARKET-ORIENTED ECONOMY AND PRO-BUSINESS GOVERNMENT POLICIES.

The government continues to attract investors by ensuring well-developed infrastructure (i.e., a network of well-maintained highways and railways; well-equipped seaports and airports; high-quality telecommunications network and services; fully developed industrial parks [including free industrial zones], technology parks, the Multimedia Super Corridor (MSC), and Advanced MSC Malaysia Cybercities and Cybercentres).

With liberal investment policies through a well-developed legal system (British) and the continuous support and facilitation from the government, internationally renowned brands have chosen Malaysia as their regional hub. Companies like BMW, Daimler Chrysler, Dell, GE, Honeywell, IKEA, Sony, Samsung, and many more have been able to establish a strong base that will continue to serve as a pivot of growth, both locally and regionally for them. The government also continues to promote a vibrant and progressive capital market, which is among the best in the Asia-Pacific region and ASEAN.

But it is not just the high-quality and well-regulated capital market or the growing affluence of the middle classes that is attracting investors. The establishment of the International Organisation of Securities Commissions' (IOSCO) Asia-Pacific hub in the Malaysia regional hub was also a further reflection of Malaysia's commitment in promoting greater cross-border regulatory collaboration and cooperation.

This is aligned with KIB's aspirations under ASEAN in promoting greater regional connectivity. Kenanga Investors is ready to help pave the way and be the preferred choice of investors as the gateway into Malaysia and the region. ●

kenanga
Kenanga Investors

CAGAMAS— HOUSING THE NATION

With homeownership rates running close to 73%, Malaysia can lay claim to having one of the most highly developed housing markets of the booming economies of Southeast Asia.

AS EVER-GREATER NUMBERS of Malaysians flock to its conurbations to fill new posts being created in the energy and white-collar sectors such as ICT, finance, and biotechnology, this is quite an achievement.

It was not always so. Even as recently as the 1970s and early 1980s, a mismatch between the time it would take the average consumer to pay off a mortgage (around 15 years) and the relatively short deposit liability of commercial banks (nearer 12 months) meant that banks were reluctant to lend to housebuyers.

Cagamas emerged as the government's solution. Established in 1986 as the National Mortgage Corporation of Malaysia, Cagamas was tasked with both broadening the spread of homeownership and expanding the country's secondary mortgage market through the issuance of corporate bonds and sukuk (Shariah-compliant bonds) to finance the purchase of housing loans and receivables from financial institutions, select corporations, and the public sector.

In the 30 years that have elapsed since then, Cagamas has been responsible for issuing some US\$70 billion worth of bonds and sukuk and has refinanced US\$31 billion worth of housing loans that equates to approximately 1.9 million homes.

"In many senses, we fulfill the same role as Fannie Mae in the U.S., except that we only purchase loans that meet our eligibility criteria," explains Cagamas CEO Datuk Chung Chee Leong. "And because of this prudent

risk-management strategy coupled with a track record of strong capitalization and stable profitability, we have been assigned both local and foreign currency long-term issuer ratings of A3 by Moody's Investors Service, which are in line with Malaysian sovereign ratings."

CAGAMAS' COMMITMENT TO PRUDENCE IS CENTRAL TO ITS STRATEGY AND HAS HAD THE DESIRED EFFECT OF ENABLING THE CORPORATION TO SOURCE FUNDS

in the capital markets at more cost-effective rates than some of the country's banks, which means that it in turn can pass the savings to the end users in the form of cheaper rates.

In recent years, Chung and his colleagues have begun to reap the rewards of this reputation for sound financial governance in the international markets. In 2014, a year after obtaining an international Moody's credit rating, it launched two US\$2.5 billion multicurrency EMTN (Euro medium-term note) programs, one for conventional and one for Islamic markets.

The response, according to the Cagamas CEO, was "phenomenal" with the Chinese RMB1.5 billion (US\$230 million) issue oversubscribed by 3.1 times. At the time, the choice of the renminbi for its first bond issue in a foreign currency was inspiring, but it was, in fact, simply a continuation of the corporation's determination to provide



Datuk Chung Chee Leong
Cagamas CEO

Malaysia's banks and ultimately its homeowners with the very best value for money.

"We were expected to issue our first international bond in U.S. dollars," Chung recalls, "but we chose renminbi because we recognized that there was a huge pool of funds in the RMB market just waiting to be invested, which allowed us to obtain some very competitive pricing and to avoid paying the premium that tends to be imposed on most new issuers." Cagamas remains currency-neutral to this day and is constantly on the lookout for the best deals available across the world.

The corporation has also been instrumental in educating Western markets about the potential of sukuk that it sells on to investors inclusive of Malaysia's burgeoning Islamic banking sector and on whom many of the country's Muslims and non-Muslims alike rely for their financial services, including their mortgages.

"Back in 2013 when we started talking to investors in the U.K. and Hong Kong about sukuk, they were reluctant to get involved because they didn't really understand them," says Chung. "But after their governments started issuing sukuk, demand has risen." Domestic demand for sukuk is, in fact,

higher than it is for the conventional bonds, he remarks, and the math makes sense: While Malaysia's Islamic banks and other Islamic financial institutions are restricted to only buying sukuk, its conventional lenders and funds are under no such constraint.

As well over half of Malaysia's adult population currently owns their own home, Cagamas is in discussion with the central bank about the extension of its remit. It is already actively involved in two government initiatives—the My First Home Scheme and the Youth Housing Scheme—aimed at providing affordable house financing to low- and middle-income earners through its subsidiary, which guarantees the first 10% of loans to homebuyers earning a maximum of US\$1,200 per individual or \$2,400 per household. It is also exploring ways to translate its business model to help with the country's infrastructure development and the growth of its SME sector.

Given Cagamas' strong track record, sound corporate governance, and commercial acumen, they are both set to be in very safe hands indeed. ●

Cagamas 
National Mortgage Corporation of Malaysia

INTELLECTUAL PROPERTY CORPORATION OF MALAYSIA (MYIPO)—MALAYSIA'S MASTERMINDS

On the 22nd of November 2015, the leaders of the 10 countries that have signed up to the ASEAN trading bloc formally adopted AEC Blueprint 2025. That plan is a comprehensive road map aimed at establishing a policy environment supportive of the innovation required to improve productivity in a collective economic space with a combined GDP of just under US\$3 trillion.



Dato Shamsiah Kamaruddin
DG of MyIPO

ONE OF THE BLUEPRINT'S key clauses deals with the strengthening of intellectual property (IP) rights, which its authors identified as being critical in helping ASEAN member states to move higher up what they describe as "the technological ladder" by encouraging the transfer of that technology and by supporting the region's economic development.

It was fitting that the blueprint's ratification should have taken place in Kuala Lumpur, because Malaysia's capital is home to the Intellectual Property Corporation of Malaysia (MyIPO), one of the region's most active champions of IP's role in attracting inward investment. "We need to realize that IP has got real value," says MyIPO's general director, Dato Shamsiah Kamaruddin. "We are on a mission to establish a complete IP ecosystem that includes IP valuation and trading, technology transfer, and an IPR (intellectual property rights) marketplace."

Since it was incorporated 14 years ago, MyIPO has, in fact, preempted some of the initiatives enshrined in the ASEAN blueprint. In 2013, for instance, it designed an IP valuation model that is intended to work as a guide for banks, SMEs, and other stakeholders on the appropriate approach to take toward the thorny topic of IP valuation. MyIPO is now also working with Malaysia TechVentures to provide valuation and finance to the country's IP-dependent SMEs.

FROM THE OUTSET, MYIPO HAS ALSO BEEN INSTRUMENTAL IN EDUCATING BUDDING ENTREPRENEURS ABOUT THE IMPORTANCE OF IP THROUGH A SERIES OF IP AWARENESS CAMPAIGNS WITH THE HELP OF THE IP MOBILE UNIT (MU), A MODIFIED VEHICLE THAT TRAVELS THE TOWNS AND COUNTRYSIDE OFFERING ADVICE ON PATENT REGISTRATION, TRADEMARKS, INDUSTRIAL DESIGNS, AND AVAILABLE ONLINE SERVICES.

It also carries with it an exhibition mapping the entire IP journey from design stage through to the marketing of the finished product. In addition, MyIPO has six permanent offices dotted around the country as well as its HQ in Kuala Lumpur.

Perhaps the most tangible evidence of the organization's success on the domestic front, however, is the growing popularity of its annual IP Awards that it hosts to coincide with

Malaysia's National IP Day. Since it was first launched in 2006, the number of entrants—particularly from the country's network of five research universities—has steadily grown. In 2017, the awards attracted a record 518 entrants, with the gold medal in the Organization category going to Universiti Putra Malaysia's InnoHub IP ecosystem that has been responsible for incubating 40 startups and the patenting of around 1,000 products.

These are busy times for Dato Shamsiah Kamaruddin on the international front as well; her office is busy working not only on the legislative changes required by ASEAN but also those demanded by the Trans-Pacific Partnership (TPP) that Malaysia has signed up to and looks set to go ahead with despite the withdrawal of the U.S. The immediate priority is accession to the Madrid Protocol, the international treaty that allows a trademark owner to seek registration in any other signatory country by filing a single application. Signing up, she says, is good for the trademark owners, as it will give foreign investors confidence in the country's IP system.

There are already signs that that confidence is growing fast; last October, for instance, Malaysia's prime minister announced RMB1.5 billion in funds for IP financing to encourage the use of intellectual property as an instrument of financial collateral with a guarantee of up to 80% financing.

While accession to The Hague Agreement, provides a mechanism for registering an industrial design in several countries by means of single application and has the commitment of ASEAN member states under the 10-year ASEAN IPR Action Plan.

Malaysia's membership in ASEAN means that Kamaruddin and her staff of 400 have wider responsibilities as well, including an obligation to promote IP systems and knowledge across the region. "If you compare Singapore and Malaysia on the one hand to Cambodia, Laos, and Myanmar on the other," she says, "it is clear there are several different levels of development."

In 2016, ASEAN launched the IPR Action Plan, which is specifically designed to tackle this issue by way of several initiatives. "Perhaps the most important is the development of new networks of integrated services for the region, including modernization of IP offices, establishment of Technology and Innovation Support Centers (TISC) at the regional level, and implementation IP Enabling Environment as a continuation of TISC. The purpose is to share patent documents among universities and IP offices and to develop expertise within the universities themselves," she explains.

ASEAN's IP is in capable hands. ●



PERBADANAN HARTA INTELEK MALAYSIA
INTELLECTUAL PROPERTY CORPORATION OF MALAYSIA
Kuala Lumpur 50000

SILVERLAKE— AHEAD OF THE GAME

If it is true that fintech is the fourth industrial revolution, as some pundits are now predicting, then Malaysian business mogul Goh Peng Ooi will surely go down in history as one of its outstanding strategists.

THE SON OF A BUTCHER, this billionaire is both the founder and executive chairman of the Asian software house the Silverlake Group. Goh is currently on a mission to use his innate mathematical genius to capitalize on the Malaysian authorities' determination to create a financial ecosystem at the very heart of the Southeast Asian economic powerhouse.

Revolution or not, there is no escaping the fact that most major blue-chip financial institutions are today in a race to combine new technologies—including cloud computing, artificial intelligence, and voice recognition—to help them deliver financial services that can more accurately predict and react to client and consumer needs and their changing patterns of behavior.

Which is where Goh comes in, for Silverlake's chairman has been waiting for fintech to come of age for the best part of 20 years, ever since the 1997 Asian financial crisis. It was the turmoil of that period that originally convinced him that the region's banks were going to need all the help they could get if they were going to face up to both the challenges and opportunities of the brave new digital world that was beginning to unfold before their eyes.

And so in 1989, Silverlake was born. It rapidly became a major player in the banking and digital economy solutions arena. Such was its success that in 2003, Silverlake Axis Limited was listed on the Singapore Exchange. Today its Silverlake Axis Integrated Banking

Solution (SIBS) is used by an estimated 40% of Southeast Asia's leading banks to process their daily transactions, and the company is now on the verge of becoming a leading regional and perhaps even global player as version 4 of the industrial revolution takes shape.

GIVEN THE COMPANY'S TRACK RECORD TO DATE, THERE IS EVERY REASON TO BELIEVE THAT THE COMBINATION OF GOH'S MATHEMATICAL TALENTS AND HIS ESPOUSAL OF GROUP THEORY WILL SEE HIM REALIZE HIS DREAM.

Based on the concept that it is possible to use the compilation of data and mathematical analysis to predict human patterns of behavior, group theory has been central to the Silverlake business model from the outset. "I made clear very early on that our success would not be based on how well we pleased clients or on our ability to establish useful concepts," he explains. "It's about sending a clear message that what makes Silverlake Group successful is the accumulation of knowledge and our application of group theory to every aspect of the company."

Officially known as the Goh (Mathematical Intelligence) Game Theory, the Silverlake version uses



Goh Peng Ooi
Founder and Executive Chairman of SILVERLAKE Software Company

mathematics to predict not just what customers in the financial sector want but also those in any number of industries and services. Silverlake Group is already active in several sectors outside finance, including aviation and retail, and the fact that Silverlake has systematically been accumulating the data on which those predictions are based for the best of two decades means it is almost impossible for new entrants to hit the ground running.

As a lifelong student of Sun Tzu's classic *The Art of War*, Goh also knows that timing is crucial, and his modest protestations that Silverlake has merely "been in the right place at the time" belie the fact that he not only foresaw the advent of fintech but also prepared for it while biding his time. "We knew that the fintech revolution was going to happen," he says, "but we couldn't predict when. There were natural forces at work." As he waited for the market to catch up with his vision, he fruitfully used his time to make a number of strategically important investments, including Global InfoTech (GIT), Merimen Group, Cyber Village, Finzsoft Solutions, and the Symmetri Group.

Now it seems the time is right, and not just because the financial sector has woken up to fintech's potential. Where fortune has undoubtedly smiled down on

Goh is in the time and place of his birth, for he has hit his commercial peak during a period when successive Malaysian governments have made the stable and orderly development of both its financial and IT sectors among their top priorities.

SEVERAL PUBLIC-SECTOR INITIATIVES ARE CURRENTLY UNDER WAY THAT LOOK TAILOR-MADE TO GUARANTEE SILVERLAKE'S FUTURE SUCCESS.

The first is the Financial Sector Blueprint master plan that is designed to establish the country as a regional hub for the banking and related industries, while the government-funded Malaysia Digital Economy Corporation is actively promoting the development of cloud and data centers and big data analytics.

"The momentum we are seeing in this space is tremendously good," says Goh, "and I am confident that our fintech solutions will be well received by the financial services sector." And if Goh's predictions are right, much further afield than that. ●

SILVERLAKE
SYMMETRY AT WORK

BOOKDOC— A PRESCRIPTION FOR INTERNATIONAL SUCCESS

“Disintermediation” may not be the most elegant word in the English language, but the concept of harnessing new technology to put consumers directly in touch with producers has powered some of the most successful business launches of the past decade, including Uber and Airbnb.

THERE ARE NOW A NUMBER of niche companies also capitalizing on its potential, one of which is the Malaysian health care startup BookDoc, a mobile application dedicated to connecting patients to health care professionals.

Short for Book Doctor, the company is the brainchild of co-founder and CEO Dato' Chevy Beh. After heading up his father's highly successful BP Healthcare for five years, in 2015 Beh decided to branch out on his own. Within the space of two years, he has managed to create something that is already much more than an app and which he describes as an ecosystem that meets the overlapping needs of patients who don't know which doctors to go to, doctors who are so busy treating patients that they don't have time to manage their appointments properly, and, increasingly, companies that are having difficulty keeping track of their staff's health programs and medical needs.

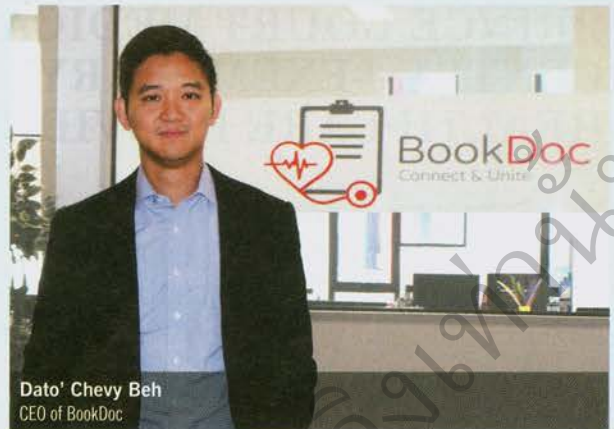
After logging into BookDoc's core platform, patients can search for doctors by their GPS coordinates and areas of expertise, while doctors who suddenly find themselves available due to last-minute cancellations can be matched up with nearby patients.

On the corporate side of things, companies can more easily keep track of which members of staff are on medical leave and how many days they have taken off sick.

Just as Amazon has systematically diversified and expanded its offerings, BookDoc has already started identifying extra benefits it can offer its target audience. As well as helping client companies with basic staff tracking, it has now also started managing its wider corporate wellness programs and overall health care benefit schemes, including dental and optical benefits and even gym memberships.

“Our end game is to connect patients, doctors, companies, and other players within the health care ecosystem with the ultimate aim of making health care trustworthy, convenient, and hassle-free for everyone,” says Beh. “This is what patients want—a one-stop shop of everything related to health care, packaged and accessible via a convenient app. It is through these kinds of services that we are able to engage with our young technology-savvy companies and which will power our growth in the coming years.”

To date, BookDoc has been a



Dato' Chevy Beh
CEO of BookDoc

runaway success and already has an active user base “in the low six digits,” says Beh. More than that, the company appears to be having no difficulty in attracting investment and very early backing from the likes of Brunei's Prince Abdul Qawi and Macau casino mogul Stanley Ho's family, who provided Beh with the capital to roll out BookDoc's services into Singapore, Hong Kong, and Thailand. In June, Beh turned his sights on Indonesia after the Hamami family, one of the country's richest, invested an undisclosed sum in the company that is believed to have valued BookDoc somewhere over eight figures.

As a result, BookDoc has grown into a truly regional player with a presence in over 17 cities across the Asia-Pacific region. It can also lay claim to having achieved the highest pre-seed and seed valuation in Asia tech app history. And in a country that is rapidly being recognized as a hub for an exciting cohort of technology startups that are transforming the business environment of Southeast Asia as a whole, it came as no surprise when it was named Frost and Sullivan's 2017 Southeast Asia Online Health Platform.

That could well be just the beginning, for Beh is constantly on the lookout for new ways to improve and extend the range of services that BookDoc has to offer, and he

is not afraid to do so by partnering with companies with complementary skills and expertise, particularly those relevant to medical tourism. As a consequence, the BookDoc ecosystem now works seamlessly with a number of apps that specialize in navigation (including Google Maps and Waze; transport such as Grab, Uber, and AirAsia; and accommodation, like Airbnb). The company is also the official partner of Social Security Malaysia, the FOMEMA Foreign Workers' Medical Examination board, and the country's Ministry of Tourism.

“We currently offer solutions at the confluence of health care and IT,” Beh explains, “but their business applications potentially extend as far as HR, insurance, and even retail. That's why we welcome investors who hail from various business verticals and who have a deep know-how of doing business in Asia, because they are vital to BookDoc. They will help us penetrate new markets faster and more effectively, and with additional funding, we will be in a stronger position to expand regionally across Southeast Asia and to roll out more products targeting the B2B market.”

Welcome to the world of disintermediation. ●



PRINCE COURT MEDICAL CENTRE—EXEMPLARY HEALTH CARE PROVIDERS

Medical tourism is booming in Malaysia, thanks to a combination of the country's sophisticated health care infrastructure, excellent transport and recuperation facilities, and the low cost of treatment.

AND WHILE MOST OF THESE visitors are still arriving from neighboring Indonesia, many more are now beginning to fly in from the predominantly Muslim countries of the Middle East and North Africa, attracted by the availability of full halal services.

Large groups of Chinese tourists combining leisure and pleasure with health check-ups have now also started to turn up, as have visitors from the neighboring city-state of Singapore, attracted by health care costs—in everything from dental and cosmetics treatment to much more serious and sophisticated treatments—that can be as much as one-third less expensive than those at home.



One hospital that has been instrumental in Malaysia's push into medical tourism ever since it first opened its doors to patients back in 2007 is Prince Court Medical Centre (PCMC). Located in the capital, Kuala Lumpur, PCMC is a hospital for Malaysians, expatriates, and medical tourists, and it is a leading tertiary hospital with the only HIMSS Stage 6 designation in Malaysia. Its standards of

treatment and patient care have made it extremely popular with the local expatriate communities—and earned it a plethora of awards over the past 10 years.

Most recently these have included taking the 2017 crown as Malaysia's Top Hospital for Medical Tourism as well as a place in this year's global top 10. Over the past decade, it has also been highly commended in the IMTJ's Hospitals for Excellence in Customer Service awards; been judged the Best Pediatrics Service Provider of the Year award at the 2016 Global Health and Medical Tourism Awards; and made a Gold Award winner in the Kuala Lumpur Mayor's Tourism Awards 2014 under the Medical Tourism category.

“WE APPEAL TO DIVERSE AUDIENCES BY MAKING THE PATIENT FEEL COMFORTABLE AND AT HOME WITH OUR STAFF,” explains the hospital's CEO, Chong Yee Mun. “We have a multilingual team who speak English,

Malay, Indonesian, Tamil, Mandarin, Japanese, Arabic, and Russian, as well as many other subdialects. Our staff are well trained and understand patients from all different countries as they are from a multiracial background themselves.”

An accountant by training, Chong has brought 30 years' experience of working in the retail and manufacturing industries to his stewardship of the hospital, and it shows. This is particularly evident in PCMC's International Business Lounge that was specifically established to function as a one-stop shop for all the needs of the international patient: a contact point for registration, admission, and post discharge services, and a place

where they can make requests for travel and airport and local transportation; book hotel accommodations for family and friends; and get help with interpreters and visa extensions.

“We have,” Chong claims, “revolutionized the approach to long wait times and logistics in the health care experience. Part of our success is in treating the hospital like a five-star hotel



Chong Yee Mun
CEO of Prince Court Medical Centre

with similar amenities and services. What we quickly realized is that we had the ability to transform not only how we take care of patients but also what patients can expect in their health care experience.”

Equally key to the hospital's success, of course, is the technical competence of its staff—from surgeons and doctors to nurses and technicians—and the sophistication of the equipment at their disposal. PCMC was the first private hospital to install a da Vinci Surgical System, which, controlled by a surgeon from a console, gives it the capability to facilitate not only complex but also minimally invasive operations. Thanks to its adoption of robotics surgery techniques, patient recovery times are considerably shorter, with vasectomy patients, for instance, generally back on their feet within two or three days.

PCMC is also the only hospital in the country that offers kidney transplants of different blood types. “Our doctors are highly specialized, and patients are frequently referred to us from other specialist centers,” says Chong. “There is still some room for expansion on our current site, and we will be using it to reinforce our position as a flagship tertiary hospital, a place where patients are referred to for operations and treatments that other hospitals cannot perform or treat.” ●



UNITI PERUBATAN
PRINCE COURT
MEDICAL CENTRE

MAXXIMA GROUP— TRANSFORMING LIVES

Of all the countries that have signed up to the newly created ASEAN trading bloc, Malaysia is the most economically developed and mature. Ever since it declared independence back in 1957, this ethnically diverse country with a population of around 31 million has consistently shone as a regional beacon of resilience and robust economic performance, in spite of having experienced its fair share of turmoil over the same period.

WITH AN ANNUAL GDP growth averaging an impressive 6.4% since 1970, it has successfully diversified its economy, edging away from a dependence on agriculture toward the manufacture of electronic goods, machinery, and medical goods.

Malaysia is maturing in other ways, too. According to UNESCO, some 9.5% of its population is already over the age of 65, with that figure set to rise to 25% by 2050. While this may pose some long-term challenges for the country as a whole, it is good news for its private health care sector, which stands to benefit from a corresponding rise in demand for its goods and services.

One company that has already succeeded in capitalizing on an increase in the demand for health supplements—the increase by no means confined to Malaysia's elderly citizens—is Maxxima Group, spearheaded by Dato' Reza Ibrahim, founder and group CEO, whose CellMaxx® algae-based health care supplement has taken Malaysia by storm.

"I was looking for a niche product that was new to the market so that I could focus on building the CellMaxx brand rather than worrying about the competition," he recalls. "We acquired the patent and negotiated the distribution rights for 10 years, which

meant that I have had a whole decade to focus on branding and marketing."

A specially formulated functional food whose base ingredient is the *Aphanizomenon flos-aquae* (AFA) extract harvested from Klamath Lake in southern Oregon, CellMaxx helps activate body cells, thereby supporting a healthy immune function.

**CELLMAXX
PROVED TO BE
SO SUCCESSFUL
FROM THE VERY
BEGINNING THAT
SALES MORE THAN
TREBLED, TO JUST
UNDER US\$45
MILLION, IN ITS
FOURTH YEAR OF
TRADING.**

It now spreads over a network of 200,000 distributors dotted across Asia, with offices in Indonesia, Mongolia, Brunei, and Singapore as official distribution channels to keep up with the explosive growth in demand.

To date, Maxxima has won 10 awards locally and internationally. Three of them are world's prestige awards: Best Regional Enterprise Awards, London, U.K., 2017; European Standard and Quality Assurance Awards, London, U.K., 2017; and the Golden Europe Awards, Berlin, Germany, 2017.

Today Maxxima is more of a wellness

company than just a licensed franchise operation. While CellMaxx remains its flagship product, other promising products are also in the pipeline. "Building the brand is tremendously inspiring and gratifying for me because of the benefits CellMaxx has brought to people in terms of their health improvement," Dato' Reza explains.

In the company's projections for the next five years, CellMaxx is to be consumed in new Asian target markets—notably China, Thailand, Cambodia, Vietnam, and India—that are to be added to the current list of Malaysia, Brunei, Singapore, Indonesia, and Mongolia. At the same time, it is crucial for the company to embrace technology in its consumer operations by having a state-of-the-art system as a digital marketing tool in order to move forward. This would make the business relevant in going global.

Promoting the uptake of CSR within a company projected to generate increased revenue of billions of dollars in the next five years of operation is of utmost importance. Maxxima has persistently integrated social and environmental concerns in its business operations and interactions with stakeholders. In meeting societal expectations of conducting business while simultaneously doing good,



Dato' Reza Ibrahim
Group CEO of Maxxima Group of Companies

Maxxima's CSR efforts act as the driving force for more people to join the company.

In Asia-Pacific, wellness products contribute as much as 41% to total revenues. These statistics are proof that wellness products are in high demand and indispensable. Maxxima produce a range of unique health supplements that are benefiting and helping millions of people. The company has transformed thousands of lives, not just in terms of their health, but equally their financial status. The company's revenue, net income, and operating cash flow are positive and growing over time as its management and staff are ethical, transparent, and united.

With so many ideas to pursue and the whole of ASEAN at its doorstep, the company is looking for like-minded investors to support its vision of establishing a state-of-the-art research lab and manufacturing plant to support its expansion plans to penetrate more markets in Asia. Maxxima also aims to be listed while steering to be in the top 50 direct-selling companies in the world. Based on growth and stability, Maxxima is without a doubt a force to be reckoned with in the industry. ●

 **MAXXIMA**

DAGANGHALAL PLC— REINVENTING THE HALAL MARKETPLACE

Every so often, someone comes up with a new business idea that is so intuitive that we find ourselves wondering why it hadn't been thought of before.

SO IT MUST HAVE BEEN FOR the investors on London's ISDX Growth Market stock exchange back in 2016 when they were asked to put some funding behind a company that had developed an online e-commerce platform dedicated to the Islamic economy with a particular focus on connecting the suppliers of halal products with manufacturers, distributors, and, ultimately, consumers.

The world's Muslim population is expected to grow from a current total of 1.8 billion to 2.3 billion by 2050, and the spending power of Muslim consumers is expected to reach US\$5.3 trillion by the end of this decade. The market recognized this huge potential, and Malaysian-based DagangHalal's IPO went on to raise just under US\$6 million (including US\$1.3 million from Malaysian Technology Development Corporation, a subsidiary of Khazanah, the Malaysian government investment holding arm), meaning the company is already well on its way to becoming the world's default digital halal marketplace.

At the apex of DagangHalal's innovation is the Halal Verified Engine (HVE). It is a repository of halal products certified by Malaysia's Department of Islamic Development (Jakim) and global halal certifying bodies recognized by JAKIM. HVE is a collaborative effort between Jakim and DagangHalal, using Microsoft cloud technology, to simplify the halal certificate application and renewal process by allowing applicants to search, view, and download genuine halal certificates of products and ingredients in the supply chain.

Halal applicants can also use HVE's extensive database to source

for alternative suppliers that are halal-certified. Aside from Jakim's own database, the system boasts a Global Halal Network that will be populated with up-to-date information from all 73 international certification bodies recognized by Jakim, including CICOT (Thailand), HFA (U.K.), ISA (U.S.), and CICOT (New Zealand).

Supporting HVE is the Halal Application Approval System (HAAS). It is the world's first commercialized e-halal application system that manages the life cycle of an online halal certificate application from companies applying for halal certification for their products. The whole process is managed online from start until the final printout of the halal certificate by the certification bodies. Once a certificate is approved, it is automatically updated into HVE. Before this, the manual process of application and approval involved a large volume of documentation, a difficult transition process when there is a change in staff, and no proper tracking mechanism.

"Our innovation lies in having the first database of global halal certificates in the world," chairman Datuk Muhadzir Mohd Isa says. "Must-have information that was previously difficult to find is now available at your fingertips."

As HVE facilitates the identification and selection of halal ingredients, products, and suppliers, its DagangHalal.com B2B e-marketplace has been designed to enable global buyers to expedite the online sourcing of verified global halal products and ingredients. Mamee and VIT, Malaysian producers of instant noodles and snack foods with annual turnovers of US\$100 million and US\$10 million,

respectively, are two of DagangHalal's many success stories. Both were connected to SoSoDo, a Japanese distributor through DagangHalal.com.

This is the online part of DagangHalal's online-to-offline business model. The offline component initiates when the merchant products are marketed in DagangHalal's Halal Supermarket pavilion at global major food fairs such as Anuga in Germany, SIAL in Paris and China, FOODEX in Japan, and Alimentaria in Spain. When Mamee participated with DagangHalal's Halal Supermarket at FOODEX Japan, it was further connected to retail giants such as Wal-Mart Japan, Aeon Japan, and others—a venture that proved to be very fruitful for Mamee.

DagangHalal is now working on a supporting solution for producers of halal products called MyHAS (My Halal Assurance System). It is a system designed to ensure continuous compliance to halal standards as prescribed by Jakim. In addition, DagangHalal aims to release a mobile app called MEEMBAR. The app provides information on halal eateries in global major cities, mosques, hotels, prayer times, and prayer direction for the traveling Muslim. Its official launch is planned during the world's largest certification bodies convention, slated to



Datuk Muhadzir Mohd Isa, Chairman of DagangHalal
Mr. Francis Chong, Managing Director of DagangHalal

be in early April 2018.

The Halal Certification Bodies Convention (HCBC) is a gathering of global certifying bodies recognized by Jakim for the purpose of discussing developments on halal. The convention is co-organized by Jakim and DagangHalal.

"Halal" is the Arabic word for "lawful" or "permitted" as defined by the Islamic principles of Shariah law, and the concept permeates many aspects of a Muslim's day-to-day existence. "Halal is not only about food; it is a way of life," explains managing director Francis Chong. "The halal industry is vast and has grown to encompass many other sectors, such as pharmaceuticals, travel, media and recreation, logistics, cosmetics, and fashion. It is all about how the Muslim community does its best to try to live and do business according to the Shariah principles enshrined in the Koran."

Halal is an often-mentioned word, but the solutions offered by DagangHalal are specific and purposeful. They fill a niche that is essential for everyday Muslims. DagangHalal is well poised to reap its investments in 2018. ●



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- ✓ Send reminders to others in the family
- ✓ Share the grocery list, chores and meal plan
- ✓ Easy to use from any mobile device, tablet or computer

• THE 100 BEST COMPANIES TO WORK FOR •

65
BAYCARE HEALTH SYSTEM

HQ..... Clearwater, Fla.
EMPLOYEES 23,884
JOB OPENINGS 2,187

THIS NOT-FOR-PROFIT health care system goes “above and beyond” when it comes to care and compassion—from throwing proms for pediatric patients to stocking a closet with clothes for the homeless. It gives away millions in unreimbursed care each year and has an emergency fund for coworkers who feel like “we’re all family here.”

66
SHEETZ

HQ..... Altoona, Pa.
EMPLOYEES 16,848
JOB OPENINGS 3,483

THIS CONVENIENCE store chain is family owned but strictly egalitarian: Any family member who wants to be in a leadership role must complete two years of training and spend a minimum of three years working outside the company. Meanwhile, other employees tout “great benefits” like a free GED program and tuition reimbursement.

67
HILCORP

HQ..... Houston
EMPLOYEES 1,851
JOB OPENINGS 28

TURNOVER AT this oil and natural-gas company is exceptionally low, at 3%. Employees appreciate the “culture of transparency” plus annual bonuses that average 36% of pay. Micromanagement is rare (“I don’t need to ask permission from 20 different people”), and unified goals help motivate staffers to be their “very best at work.”

FROM THE RECRUITER

Avoid using a generic cover letter and résumé when you apply for a position with our company. Our culture is important to us, so take the time to tell us in your cover letter and résumé why you are a good fit.



CHAD BEALS
TALENT ACQUISITION DIRECTOR, CHG HEALTHCARE

70
NUGGET MARKET

HQ..... Woodland, Calif.
EMPLOYEES 1,907
JOB OPENINGS 110

THE FAMILY-OWNED and -operated company is the Hogwarts of grocery stores. Employees are “encouraged to have fun” and are “thanked and celebrated all the time.” It invests in professional development, promotes from within, and spent \$400,000 last year on events—including a white-water rafting trip for the entire company.

68
COMCAST
NBCUNIVERSAL

HQ..... Philadelphia
EMPLOYEES ... 159,000*
JOB OPENINGS ... 12,044

EMPLOYEES AT the telecom giant say it has “a very open culture” and an “amazing” level of diversity, with 47.3% of executives at or above the vice-president level described as diverse employees. And though it’s such a “gigantic family of different brands,” Comcast still manages to “make employees feel connected to each other.”

69
CHG HEALTHCARE

HQ..... Midvale, Utah
EMPLOYEES 2,588
JOB OPENINGS 583

ONE OF the largest health care staffing providers in the country, CHG is serious about celebrating its employees. An annual Employee Appreciation Week features 40 events across its offices. And benefits like flexible schedules and an Employee Compassion Fund means there’s an “overwhelming amount of support.”

71
RYAN

HQ..... Dallas
EMPLOYEES 1,557
JOB OPENINGS 450

AT THIS Texas-based tax and software firm—the largest in the world for business taxes—employees are “treated like professionals.” Staff are trusted to work where and when they want. And CEO Brint Ryan “rolls up his sleeves” with everyone else. Plus, when the firm meets big goals, the profit sharing is “a game changer.”



HILCORP GAVE EMPLOYEES \$100,000 FOR HITTING BIG GOALS IN 2015.

• THE 100 BEST COMPANIES TO WORK FOR •

72

NUSTAR
ENERGY

HQ..... San Antonio
EMPLOYEES 1,284
JOB OPENINGS 58

THE PIPELINE operator has a dedicated “no-layoff” policy, helping foster a “caring and sharing” workplace where employees feel a sense of “ownership and camaraderie.” During Hurricane Harvey, NuStar called affected employees, sent cash to those in need, and lent company vehicles to workers whose cars had been damaged.

73

★ TDINDUSTRIES

HQ..... Dallas
EMPLOYEES 2,320
JOB OPENINGS 103

THIS CONSTRUCTION and technology services firm is 100% employee-owned (but no one owns more than 4%). It offers up to \$10,000 in tuition reimbursement and pays 100% of the costs upfront for workers seeking associate to master’s degrees. Says one staffer, “The training and development opportunities are endless.”

74

ATLANTIC HEALTH
SYSTEM

HQ..... Morristown, N.J.
EMPLOYEES 12,183
JOB OPENINGS 917

THE HEALTH CARE non-profit puts an emphasis on “healing care” for patients as well as “support” for staff. Benefits include generous medical coverage, tuition reimbursement, and retirement pensions. That may be why there’s only a 6% turnover rate. One employee says, “I plan on working here until I’m too old to work any longer.”

75

HYLAND

HQ..... Westlake, Ohio
EMPLOYEES 2,722
JOB OPENINGS 121

HOW’S THIS for service leadership? One day a year execs at this software firm hop behind the wheel of golf carts, pick up employees in the parking lots, and drive them to the office. With an on-site preschool, paid sabbaticals, and surprise gifts for remote workers, it’s no wonder 43% of new hires come from referrals.

76

ENCOMPASS HOME
HEALTH & HOSPICE

HQ..... Dallas
EMPLOYEES 8,851
JOB OPENINGS 1,365

THIS HEALTH and hospice company serves more than 100,000 patients annually and still makes “space for employees’ lives.” Ten weeks of paid time off for illness, caregiving, or bereavement, and an in-house foundation that helps both staff and patients in times of need, make people feel there’s “a great deal of understanding” here.

77

CHILDREN’S
HEALTHCARE OF ATLANTA

HQ..... Atlanta
EMPLOYEES 9,090
JOB OPENINGS 421

“**FOR MOST** of us,” says one employee, “this is our calling, not our job.” The mission is front and center at this pediatric health care organization, where staffers can “make a difference in the life of a child each day.” Because it can get stressful, perks include massages, childcare, and a concierge service for tasks like dry cleaning.

78

PROGRESSIVE

HQ Mayfield Village, Ohio
EMPLOYEES 33,116
JOB OPENINGS 332

EMPLOYEES at this 81-year-old insurer might be surprised by the startup vibe, with hackathons, code jams, and A.I. competitions. There’s even an innovation “garage” that functions as an employee-run think tank and experimental lab. Childcare subsidies and on-site medical clinics also help make it a “company with heart.”

79

ALSTON
& BIRD

HQ..... Atlanta
EMPLOYEES 1,627
JOB OPENINGS 16

THIS NATIONAL law firm may excel in hard-nosed fields like litigation and tax law, but its culture is remarkably “fun” and “supportive.” On top of up to seven weeks of paid time off, family-friendly perks include on-site day care, subsidized at-home sitters, and even firm-paid breast milk shipping programs in the event of work travel.



A nurse at Children’s Healthcare of Atlanta uses bubbles to help a patient feel calm during an asthma exam.

80
AUTODESK

HQ..... San Rafael, Calif.
EMPLOYEES 3,586
JOB OPENINGS 330

"AUTODESK actually means it when they talk about work/life balance," say staffers at the design software firm. That includes a six-week paid sabbatical every four years and no formal log of sick days for salaried employees [they just take what they need]. Icing on the cake? Many staffers can bring their dogs to the office.

81
KRONOS

HQ..... Lowell, Mass.
EMPLOYEES 3,523
JOB OPENINGS 300

KRONOS EMPLOYEES—nicknamed Kronites—feel "like a family." The CEO, "amazing leader and human" Aron Ain, gets high marks for communication [he has a regular video blog] and recognition. And it doesn't hurt that the software company provides flexible work arrangements, unlimited PTO, and help with student-loans.

82
ALLIANCE DATA SYSTEMS

HQ..... Plano, Texas
EMPLOYEES 15,541
JOB OPENINGS 901

THIS MARKETING services firm boasts a corporate culture where employees' "opinions or ideas" are "openly encouraged and considered." And its humanitarian efforts, like the \$3.5 million it gave to food banks in 2016, show it "puts its money where its mouth is when it comes to community involvement."

83
MARS

HQ..... McLean, Va.
EMPLOYEES 13,954
JOB OPENINGS 1,035

THE FOOD and beverage titan behind M&M's, Wrigley, Pedigree pet food, and more is still privately held by the Mars family—a strategy management says has allowed it to stay true to its values, unswayed by the short-term whims of Wall Street. The company principles "aren't just words on a wall," employees say. "We use them every day."

WITH \$35 BILLION IN SALES, MARS IS ONE OF THE LARGEST PRIVATE COMPANIES.

84
ACTIVISION
BLIZZARD

HQ..... Santa Monica
U.S. EMPLOYEES... 5,690
JOB OPENINGS 484

"OFF THE WALL" thinking is celebrated at this gaming and entertainment giant, a federation of creative studios that stands out for the personal and professional development it offers employees. Says one: "You're encouraged to pursue whatever interests you personally, not just what would benefit your job."

85
★ AFLAC

HQ..... Columbus, Ga.
EMPLOYEES 5,401
JOB OPENINGS 76

PEOPLE LOVE the "thanks and appreciation" at this insurance giant, where staffers get hundreds of spot bonuses—averaging more than \$700—each year, and execs "personally present tenure certificates" to longtimers during Employee Appreciation Week. Getting some gratis insurance products is nice too.

86
T-MOBILE US

HQ..... Bellevue, Wash.
EMPLOYEES 51,600
JOB OPENINGS 2,000

THE TELECOM insurgent, led by the colorful CEO John Legere [literally: He always wears T-Mobile magenta], has seen stellar growth, and rising morale to match, in recent years. Employees here say the company "truly embraces diversity" and that they feel "inspired" to be in a place where "every voice matters."

87
POWER HOME
REMODELING GROUP

HQ..... Chester, Pa.
EMPLOYEES 2,223
JOB OPENINGS 147

THIS HOME exterior remodeling company sees a direct link "between employees' success and that of the company." Management "genuinely cares" about the workforce, and leadership training opportunities are "unmatched." To wit: More than 80% of the company's top-ranking employees rose up through its ranks.

• THE 100 BEST COMPANIES TO WORK FOR •

88
★ **NORDSTROM**
HQ..... Seattle
EMPLOYEES 66,554
JOB OPENINGS 8,235

THE EMPLOYEE discount is a nice enticement for anyone, but people who retire at age 55 or older after 10 to 15 years at Nordstrom get the deal for life. The upscale retailer also makes a point to recognize staff achievements with parties and special awards. And diversity is a priority—people of color make up 45% of technology staff.

89
★ **GOLDMAN SACHS**
HQ..... New York City
EMPLOYEES 34,400*
JOB OPENINGS 2,300

AMBITION abounds at the storied firm, where employees appreciate the chance to work with “phenomenal talent.” Goldman champions an environment of “evolution and improvement,” offering “a constant stream of development opportunities.” And junior staff feel “empowered by senior leaders” to take ownership and propose ideas.

90
OHIOHEALTH
HQ..... Columbus
EMPLOYEES 22,920
JOB OPENINGS 1,558

“PATIENTS ARE at the heart of everything we do,” says one person at this faith-based nonprofit, which has its own research institute to “up the ante” on innovation in care. OhioHealth also uses staff feedback to constantly refine benefits: bolstering tuition assistance, adoption aid, disability leave, and retirement contributions.

91
METHODIST LE BONHEUR HEALTHCARE
HQ..... Memphis
EMPLOYEES 11,402
JOB OPENINGS 690

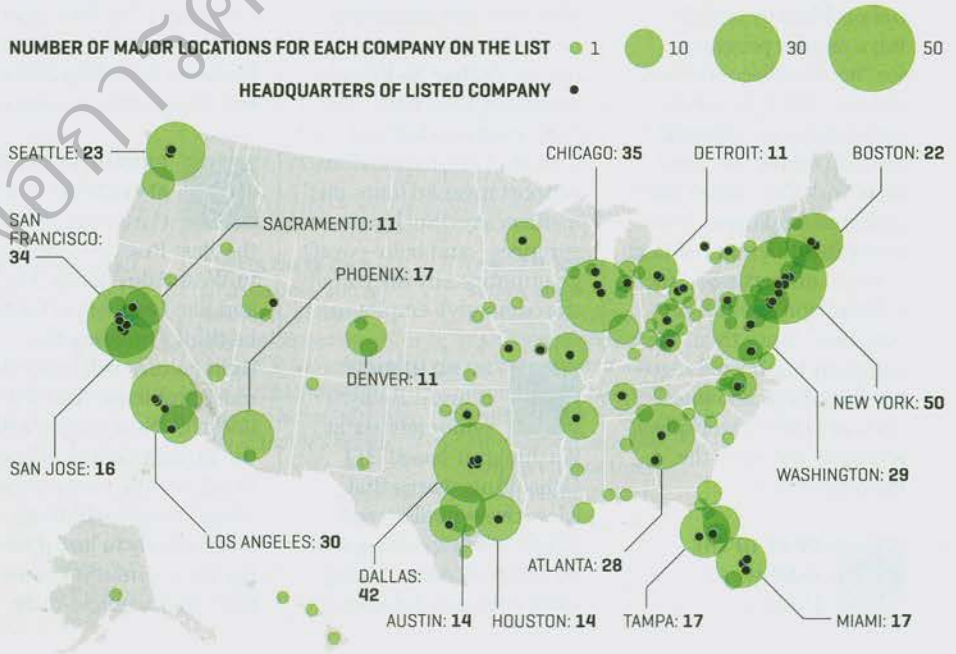
EMPLOYEES HERE work toward helping the people they care for “reach another birthday,” with “exceptional” care and a focus on pro bono preventive efforts. Perks like mindfulness sessions and tuition aid add to an “extraordinary” culture, where diversity is prized. More than 46% of employees are minorities.

92
DEVON ENERGY
HQ..... Oklahoma City
EMPLOYEES 2,616
JOB OPENINGS 62

THIS OIL AND GAS producer has a “giving heart,” staffers say, working to reduce its environmental footprint by recycling water in the arid climates where it operates and helping to protect wildlife. Despite the recent slump in oil prices, it has “held true to its values” and gives millions to community causes each year.

THE BEST COMPANIES IN YOUR BACKYARD

Even if there’s not a 100 Best Company in your city, chances are at least one has an office in the vicinity. Finding them is particularly easy in New York City and Dallas, however. These two cities led the pack, hosting 50 and 42 locations respectively for companies on this list.



POLITICS

IN THE WORKPLACE

BY HANK GILMAN

RECENT POLITICAL NEWS can seem like an all-consuming sideshow, with each day bringing more gory details of national strife and division. The challenge for great companies? Preventing toxic political discourse from seeping into the workplace.

So we asked folks—some in the business of counseling *Fortune* 500 companies—how they're advising their employees and their customers. Here, four takeaways:



CREATE A CULTURE THAT CAN WITHSTAND CONFLICT:

G&S Business Communications CEO Luke Lambert got out ahead of any potential problem by launching a regular program for “healthy discourse and debate.” After the rough-and-tumble presidential election ended last year, New York City-based G&S gathered employees “representing different political views,” Lambert says, “for a discussion about the outcome.” Since then, the company has hosted regular workshops on issues such as LGBTQ workplace struggles and even the narcotics crisis.



COME TO THE RESCUE: At Dropbox, a San

Francisco startup, an Iraqi-born employee feared leaving the country for work after the travel ban was issued. To make matters worse, he was also scheduled for a naturalization interview. The company helped Bashar Al-Rawi by arranging legal help—the COO even reached out directly. “The tremendous support meant a lot to me,” Al-Rawi says. Such reassurances—and help—won’t go unnoticed by the rest of the company’s employees.



DO NO HARM:

Edward Reilly, a senior adviser at Washington-based FTI Consulting, warns that executives should tread lightly when speaking out on certain issues—taking sides with, say, Democrat

lawmakers over Republicans, for instance. Leaders of consumer product and service firms should especially be wary. “Many corporate executives speak to issues that they feel are aligned with their customer interests,” he says, but it’s easy to misfire.

For example, Papa John’s founder John Schnatter stepped down as CEO after he publicly blamed the NFL player protests for harming his sales. The company, a big NFL sponsor, apologized. Apparently he forgot both Republicans and Democrats eat pizza.



PROXIMITY BREEDS AFFECTION:

Louis Carter is CEO of the Best Practice Institute in West Palm Beach, Fla., and like Lambert of G&S he thinks building the right culture will head off most problems. And if it doesn’t? “Seat people with the highest degree of [political] conflict next to each other.” People will listen more closely to an opposing viewpoint if it comes from their cubicle-mate.

93 THE CONTAINER STORE

HQ..... Coppell, Texas
EMPLOYEES..... 4,185
JOB OPENINGS..... 198

EMPLOYEES ARE (literally) invested in this storage retailer, holding a big chunk of its shares. That goes both ways, say staffers, who praise “outstanding” communication, pay that’s well above the industry’s average, and “amazing” benefits (even for part-timers)—all part of how the company brings its “conscious capitalism” ethos to life.

94 FEDEX

HQ..... Memphis
EMPLOYEES..... 281,933
JOB OPENINGS... 20,000

THIS LOGISTICS leader makes staffers “proud” with numerous charitable initiatives: It will commit \$200 million to 200 communities by 2020, and its employees have volunteered on 775 projects around the world. And next time there’s a natural disaster, you can bet that FedEx will be there delivering food, supplies, and medicine.

• THE 100 BEST COMPANIES TO WORK FOR •



AbbVie takes into account employee suggestions, needs, and data as it tweaks its suite of benefits and perks.

97
ABBVIE
 HQ.... North Chicago, Ill.
EMPLOYEES 13,222
JOB OPENINGS 796

WELLNESS is the priority at this pharma giant, where “uplifting” work “changes peoples’ lives.” Thoughtful perks include a concierge service, a program for older workers to scale back on hours or responsibilities rather than fully retire, and adaptable schedules. “I couldn’t be more happy with the flexibility,” says one mother of three.

99
 ★ **FOUR SEASONS HOTELS AND RESORTS**
 HQ..... Toronto
EMPLOYEES 16,675
JOB OPENINGS 7,670

THE TOP-SHELF hotel manager with 109 properties around the world goes all out with employee recognition programs, some of which include cash bonuses or exotic trips—think China or Morocco. Celebrations marking employee awards and milestones can feel like a “family gathering” with “cool prizes.”

95
NOVO NORDISK
 HQ..... Plainsboro, N.J.
EMPLOYEES 4,658
JOB OPENINGS 393

THE “INSPIRING” mission at this diabetes-focused pharmaceutical company resonates with the Danish firm’s “hardworking” and “honest” U.S. staff, who say “coming to work is more than just a job for so many” at the company. Diabetes care is covered for employees, as are college admissions counselors for their kids.

96
BAKER DONELSON
 HQ..... Memphis
EMPLOYEES 1,484
JOB OPENINGS 11

“EMPLOYEES trust our management,” says one person at this sprawling law firm, where it nonetheless feels like “competition and rivalry do not exist.” The “extremely transparent” CEO, Ben Adams, shares internal annual reports, hosts a regular “Ask Ben” video series, and makes 30 trips a year to the firm’s far-flung offices.

98
DELTA AIR LINES
 HQ..... Atlanta
EMPLOYEES 83,996
JOB OPENINGS ... 10,000

“DELTA TAKES care of its people, and we take care of Delta,” say staffers at the airline. That reciprocal atmosphere can be seen in the form of the industry’s richest profit-sharing and rewards program [with nearly \$5 billion in payouts over the past five years]. Luxe worker travel benefits “cement that we matter.”

100
AT&T
 HQ..... Dallas
EMPLOYEES ... 254,000*
JOB OPENINGS 2,000

FEW COMPANIES hold such a singular place in the history of American innovation or play such a pivotal role in its infrastructure. Still, staffers say it’s “not intimidating” and that they can “bring their whole selves to work.” AT&T also invests big in its people, spending \$250 million a year on training and \$30 million on tuition assistance.



88

T-MOBILE

• **THE CROWD IN THE BALLROOM** at the Westin New York at Times Square on this February afternoon is in a partying mood well before sundown. They're enjoying the buzz of being an elite crew: some 200 employees handpicked by managers as top performers. They're nodding their heads to a pounding soundtrack (Beck's "Wow," "Havana" by Camila Cabello and Young Thug, some Coldplay). They're competing in cheering contests. And they're antsy for the big moment when they'll pull the triggers that set off a fusillade of confetti cannons.

This is definitely not what most companies do on quarterly earnings day. But the company hosting this bash is T-Mobile, the formerly downtrodden wireless carrier—where rebounding employee morale and rising revenue are almost inextricably linked.

After one last cheer-off, the star of the show arrives. John Legere, T-Mobile's tirelessly trash-talking, 59-year-old CEO, stalks in with a phalanx of senior execs, to the beat of a standing ovation. He quickly gets to the point: "Rowdy crowd? There's a good reason to be rowdy... We announced results today that were just phenomenal, the best financial results since I've been CEO here."

It's true: Despite a year marked by a major disappointment—merger talks with rival Sprint broke down in November, with no deal—the numbers T-Mobile has just announced are formidable. Its 2017 revenue was \$40.6 billion, up 8% from 2016, and more than double its total in 2012, the year Legere took over; net income, meanwhile, reached a record \$4.54 billion. While it remains far behind Verizon and AT&T in number of subscribers, T-Mobile, which makes its debut on the *Fortune* Best Companies list this year, has undeniable momentum. It's intent on shaking up both the wireless world—it has its eye on other acquisitions—and the cable industry, with a tantalizing move into mobile video.

That success, insiders and industry experts agree, is fueled by rah-rah rallies like this one. The crowd chants "Are you with us?," a slogan from the diversity-themed ad T-Mobile unveiled during the Super Bowl. The confetti



PEOPLE MOVER
CEO John Legere
on his Segway
at a staff event
at T-Mobile's
Bellevue, Wash.,
headquarters.

THE FORMERLY FADING WIRELESS CARRIER HAS DOUBLED ITS REVENUE AND SUBSCRIBER BASE SINCE CEO **JOHN LEGERE** TOOK THE HELM FIVE YEARS AGO. ITS RECIPE FOR SUCCESS INCLUDES RELENTLESS FOCUS ON STAFF MORALE—AND GENEROUS SERVINGS OF CONFETTI.

BY AARON PRESSMAN

• THE 100 BEST COMPANIES TO WORK FOR •

cannons do indeed fire confetti. And then it's question time: For 30 minutes, Legere and his team field inquiries from employees in the ballroom and others watching via webcast. Legere keeps the pace rapid and the tone solicitous, doling out cash rewards (peeled off a stash of rolled-up \$20 bills) for those brave enough to query him. Some questions are jokey (Have we bought stock in confetti cannons?), but others are sincere and probing. Afterward, dozens of employees line up to shake hands with the CEO and pose with him for pictures. Legere hangs around for almost half an hour until the entire line gets through.

"He's like an amazing person, different from everyone I've ever seen as a CEO," Donald Smith, who works in a T-Mobile store in the Bronx, says after snapping a selfie with Legere. "He seems like he actually cares."

• **LEGERE CERTAINLY CARES** about making a ruckus. Famously brash and competitive, he's best known for castigating his competitors (he routinely dismisses AT&T and Verizon as "dumb and dumber"), uttering public profanities, and engaging in the occasional Twitter war—including with then-candidate Donald Trump, in 2015, in a spat over tweets in which Trump criticized mixed-martial-arts star Ronda Rousey. (After the election, Legere said he had "got way past" the feud and was optimistic about the impact of a less restrictive regulatory climate.) Still, there is method to Legere's madness, and it has helped T-Mobile become the fastest-growing and best performing wireless company during his tenure.

Legere came on as CEO at the end of 2012, a low point for the company. T-Mobile, then a subsidiary of Deutsche Telekom, was shedding customers as it waited to be acquired by AT&T—only to see regulators block the \$39 billion deal. Legere quickly shored up the business with savvy moves. T-Mobile got a deal with Apple to sell the iPhone. It bought more spectrum rights to improve its network. And in 2013 it went public, so its stock could be used for dealmaking. (Deutsche Telekom



• **MAGENTA MORALE** Conference room decor (above) and "spirit wear" (top right) in company colors at T-Mobile headquarters. Legere gives away personalized sneakers (bottom right) at dozens of employee rallies each year.

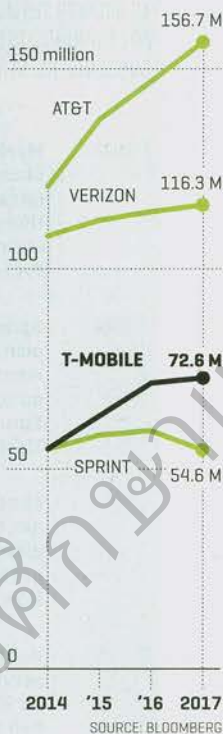
remains the majority owner.)

Just as key to T-Mobile's success was its decision to make an enemy of its own industry, launching a messaging war in which Legere's f-bomb-throwing was central to the assault. (Its opponents' flacks used to respond with indignation; now they rarely take the bait.) The strategy: Get rid of typical plans and prices. Embrace customer desires and eliminate their pain points. That meant no more two-year contracts, no more roaming fees, no more incomprehensible charges at the bottom of every bill. Most significantly, T-Mobile was far ahead of AT&T and Verizon in 2016 in scrapping monthly data limits and the annoying



WIRELESS SUBSCRIBERS, BY CARRIER

THROUGH DEC. 2017



NO. 3 WITH ATTITUDE
In recent years, T-Mobile added subscribers at a faster rate than any major competitor.

verage charges they generated—forcing its bigger rivals to follow suit.

The numbers show how well it all worked: Boosted by its 2013 acquisition of MetroPCS, T-Mobile's subscriber base has grown faster than any other carrier's, to 73 million. Since going public as part of that deal, its stock has soared, trouncing its rivals. Perhaps most important, its customers are loyal: According to a recent survey by Business Insider's BI Intelligence, almost one-quarter of T-Mobile's customers say they would never switch to a competitor for any reason, vs. 16% of AT&T's customers, 15% at Verizon, and just 7% at Sprint.

T-Mobile has grown in wireless at a time

when rivals have seemed to be looking beyond it. AT&T has been pursuing video customers, by buying satellite service DirecTV and agreeing to acquire Time Warner (though that deal has been held up by antitrust cops). Verizon is trying to shed costs, selling off major parts of its Fios network. Sprint, meanwhile, is struggling under a massive debt load; it slashed spending on network improvements last year.

In contrast, T-Mobile has stayed relentlessly phone-consumer-focused. And to make the effort pay off, top brass interact constantly with their frontline colleagues. "Legere spends a lot of time with the T-Mobile workforce, building morale and listening," says Walt Piecyk, an analyst at BTIG Research who has followed T-Mobile throughout Legere's tenure. "There are two types of people in this company: those who serve customers and those who serve those who serve customers," adds Jon Freier, the executive vice president who oversees the company's retail chain. "I'm in the second bucket."

ON A RARE RAIN-FREE DAY in January, as sunlight pours into his 10th-floor corner office in the Seattle suburb of Bellevue, Legere is playing peacemaker.

His relatively small workspace is crammed and crowded. He's got his NHRA auto-racing suit, in T-Mobile magenta; a cardboard cutout of Carly Foulkes, the ex-pitchwoman colloquially known as the "T-Mobile girl"; pictures of his two daughters; and cookbooks for his slow-cooking show, a surprise Facebook hit.

The current distraction, however, is a battle between a voice-activated Furby Chewbacca doll that has gotten stuck in a feedback loop with another voice-activated toy, a "Corporate Yes Man" doll. Every squawk and squeak from the Furby sets off the Yes Man ("Oh, yeah, I'm behind you all the way," "Couldn't agree with you more completely"), which gets the Furby talking again, triggering Yes Man, and so on. "This is so typical," says Legere, trying unsuccessfully to shut off the doll debate.

Brashness wasn't always typical for Legere.

• THE 100 BEST COMPANIES TO WORK FOR •

He built his career in various executive posts over 18 years at AT&T, and then at computer-maker Dell, where he ran sales in Asia and Europe. "He was always reasonably buttoned down," says Rae Sedel, an executive recruiter at Russell Reynolds who has known him for more than 20 years. "I think he made a dramatic change." Legere says some inspiration for his current approach came from his experience working for Michael Dell. He saw the PC mogul wading into crowds of shareholders and signing autographs at the company's annual meeting, noting how a larger-than-life CEO could inspire loyalty and garner loads of free publicity. "I learned a ton," says Legere. "He loved his customers, because he loved the subject matter and he loved everything about what they were doing." Dell is happy to return the compliment. "You could see John had huge potential and a big future ahead," the company founder says in an email to *Fortune*.

Legere's first CEO stints, at the Asian unit of telecom-services company Global Crossing and then at the parent company, were anything but fun. As the Internet and telecom bubbles burst, Global Crossing careened into bankruptcy, and Legere laid off thousands of employees. The company's Asian unit also paid to settle two sexual discrimination complaints during Legere's tenure, after female employees alleged that Legere made belittling remarks and behaved aggressively in the

WIRELESS CARRIERS, MEDIA MOGULS

AS GROWTH SLOWS IN THE U.S. WIRELESS MARKET, THE "BIG FOUR" CARRIERS ARE TURNING TO STREAMING-MEDIA CONTENT TO HELP THEM CAPTURE SUBSCRIBERS. HERE'S WHAT THEY'RE UP TO.

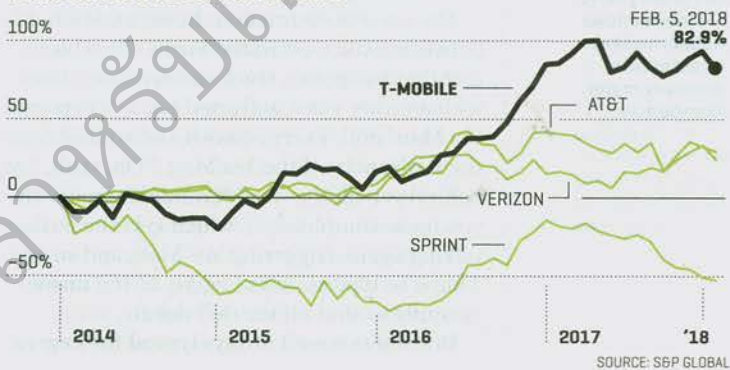
T-MOBILE Most of T-Mobile's unlimited wireless customers get a free standard account at Netflix, which allows HD-quality viewing on two screens at a time and normally costs \$11 a month. Later this year T-Mobile plans to offer its own package of TV channels and other content using technology it acquired in December. Pricing hasn't been announced, but bundle discounts are likely.

SPRINT Sprint unlimited customers get free access to Hulu's basic plan, which has some commercials and otherwise costs \$8 a month. The companies have said they plan to offer an upgrade option to Hulu's Live TV service (normally \$40 a month). And Sprint also offers a free six-month trial to music service Tidal's premium plan.

AT&T Antitrust concerns are holding up its acquisition of Time Warner, but AT&T has partnered with the entertainment giant to offer free HBO to many subscribers. Unlimited customers also get a \$25 credit for AT&T's Internet cable TV service DirecTV Now, reducing the starting price to just \$10 a month.

VERIZON Verizon hasn't paired up with any major subscription video services yet. But it does offer its own short video service, Go 90, and access to some professional football and basketball games via its Yahoo Sports unit.

TOTAL RETURN TO SHAREHOLDERS



company's offices. (Legere did not comment on the settlements at the time; T-Mobile declined to comment for this story.) Managing the company's decline took years, and Legere stayed on until he engineered its sale in 2011.

At T-Mobile he got to start over, at one of the biggest brands in a fast-growing industry—one with a major image problem among consumers. His first move as CEO was to draft a manifesto which began, "We're not like the other carriers... we are unapologetically the un-carrier," and included lines like, "We will give customers new phones right now



instead of later." Early on, Legere had a line installed in his office to listen in on customer service conversations, which he would do for hours, often late into the night. Most of his "un-carrier" ideas, like getting rid of contracts or dumping fees, came from listening to customers talk with staffers. "My entire strategy that I coined early on," he says, "was listen to employees, listen to customers, shut the fuck up, and do what they tell you."

T-Mobile is doubling down on "do what they tell you" under an effort called "Team of Experts," which has given call-center employ-

O
THE GEAR GUY
Chief technology officer
Neville Ray is helping T-Mobile get ready to compete in 5G wireless—and cable TV.

ees unprecedented authority. Under the plan, which launched last year, T-Mobile divided its customers into blocks of about 120,000, who are each assigned to a specific group of a few dozen employees at a specific call center. When customers call for support, they are routed to their assigned team, instead of being assigned to a random rep at the least busy center in the country, as is typical in the industry. There's no transferring of calls elsewhere in a frustrating ducking of accountability. Reps are held responsible for the outcomes of their customer group, measured by metrics such as how frequently customers defect to another carrier or how often they call support, and reps and their managers are empowered to hand out service credits or alter bills.

"People in the industry told us we were crazy to do non-randomized routing," says Callie Field, T-Mobile's executive vice president in charge of customer care. But T-Mobile's cost to serve customers has dropped by 9% overall since it was implemented, while customer satisfaction scores increased by 20 percentage points, Field says. Legere says that the customer-care team's new responsibilities give them even more data they can use to assess how promotions are going or whether customers understand new plans. "These people talk to 20 customers a day; that's your gold mine."

Legere likes nothing more than to travel around the country and visit that gold mine, at the stores and call centers where most of the company's 51,000 U.S. employees work. In 2016 he hit all 17 call centers, and these weren't pleasure trips to hot destinations—the centers are in places like Meridian, Idaho, and Oakland, Maine. (Last year, amid the knotty negotiations with Sprint, he got to only two, something he's rectifying this year.) On each visit, Legere holds an almost campaign-like rally, talking up new products and promotions or recent financial results and taking questions. While he's at it, he gives away T-Mobile gear, signs autographs, and poses for selfies.

He's also giving away money, his own money. (Legere made \$20 million in 2016

A FEW CHOICE WORDS: JOHN LEGERE ON T-MOBILE'S COMPETITORS

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"Anybody here from New York? Any of you use AT&T? Any of you who use them, are you happy? Of course not. Their network's crap."

—From Legere's inaugural appearance at the Consumer Electronics Show, 1/9/13

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"We are either going to take over this whole industry, or these bastards are going to change, and the whole industry is going to shift ... I can't wait to watch the peckers scream and cry."

—At CES, 1/8/14

++

"Do you think they're shitting themselves that the same group that was unafraid of AT&T and Verizon is now coming after the cable players?"

—Announcing T-Mobile's foray into mobile video, after its Layer 3 acquisition, 12/13/17



and \$24 million the year before, according to T-Mobile's latest annual proxy filing.) He recently told workers in Meridian that if they beat all the other centers on three key performance metrics, he'd personally give them \$40,000 to throw a party. When they ranked first on two and just barely came in second on the third, Legere made good anyway, stopping at a local bank branch to load up on \$40,000 in small bills before visiting in January.

At an event in Nashville in early February for retail-store employees, Legere made a surprise appearance. "He walked in the door, and you would have thought it was Snoop Dogg," says attendee Lindsay Carter, a store manager from Atlanta who was recently promoted to a regional sales job. In a Q&A session, Carter had a big question for the CEO. You completely dominated this industry in five years, she asked; in your next five years, are you going to run for President? "Uh, no," Carter says he replied, as he handed her a \$100 bill.

Support for the frontline staff goes far beyond the freebies. All employees get tuition assistance and paid time off. T-Mobile started offering spousal benefits and insurance coverage for gay couples even when it wasn't legally required to, and it enforces a nondiscrimination policy that protects LGBTQ employees. The company was the lead sponsor for last June's NYC Pride, one of the largest LGBTQ events in the country. "It's not about trying to sell phones," says Chris Frederick, managing director at NYC Pride, of T-Mobile. "It's creating an inclusive culture year-round."

All the attention breeds loyalty. Callie Field says annual turnover at T-Mobile's call centers is just 23%, compared with 43% for the industry overall. Most call centers motivate employees through fear, punishing them for not hitting targets or spending too long on the phone, says Daniel Cable, a professor at London Business School who has studied the industry. In contrast, T-Mobile's approach of "making people feel valued and more than a number is important," he says.

Some of T-Mobile's tactics, like Legere's vis-

its, run the risk of "seeming like a 'one-off' to employees without changing how the work itself makes them feel day-to-day," Cable warns. And in other hands, Legere's handouts of cash and gear could come across as plutocratic condescension. But Legere can carry it off, his fans say, in part because he identifies closely with the blue- and pink-collar customer service grunts. He grew up in the working-class city of Fitchburg, in central Massachusetts, the middle son of five kids. He attended a local Catholic high school and a big public college, the University of Massachusetts. "He didn't grow up on the right side of the tracks," says Sedel, the corporate recruiter. "He's a self-made man. To get that kind of loyalty, you have to give in kind."

Of course, loyalty comes with accountability. Jon Freier, the head of retail, has copied Legere's open Q&A format, giving out his own cell number so staffers can text him questions and concerns. But every store employee knows they have to be on their toes, because direct feedback from customers can reach the highest levels like never before. "If that person is walking out of the store not taken care of, John Legere is just a few keystrokes away," Freier says. "You can take care of it, the store manager can take care of it, the district manager can take care of it, or John can take care of it." (The implication, of course, is that you don't want John, or Jon, to take care of it.)

Social media is central to Legere's strategy of radical responsiveness. An avid, almost addictive tweeter, Legere has over 5 million followers on Twitter. There he posts jibes at competitors at all hours. ("Still not as scary as a @verizon bill" he wrote recently, linking to an article about the discovery of spiders with stinging tails.) But he also fields complaints in one of the world's most visible forums. T-Mobile now deploys a social media team of about 300 people (up from 23 four years ago) called the T-Force to address whatever issue is upsetting a customer. As jokey as his persona may be, Legere says, his Twitter work is "very serious business."

carrier would play to the strengths of the technical team, which won plaudits for its rapid assimilation of the MetroPCS network. Ray calls his crew “this bunch of crazies that really love this stuff.”

Ray’s engineers have also built bandwidth to enable T-Mobile to compete in ultrafast 5G wireless service, which is due to become the industry standard by 2020. That in turn could help the company take on an industry even less popular with consumers than the wireless industry was: cable TV. In December, T-Mobile announced the purchase, for \$325 million, of Denver-based Layer 3, a startup whose content agreements and technology will enable T-Mobile to deliver cable channels and other programming over the Internet—to living rooms, or to subscribers’ phones.

The foray into video comes as growth in wireless is slowing: On that February earnings day, even as it boasted record profits, T-Mobile startled investors with low forecasts for new-subscriber acquisition. Meanwhile, a huge amount of video consumption has shifted from TV to the mobile phone (over 70% of video is now viewed on mobile devices, according to research firm eMarketer), and Legere believes that puts some of the pay-TV industry’s \$100 billion of annual revenue in play.

T-Mobile hasn’t said much about its offering, which is due out later this year. Media watchers note that the company is diving into a crowded field, facing deep-pocketed rivals like Google’s YouTube TV, Sony’s PlayStation Vue, and AT&T’s DirecTV Now. “We are skeptical that yet another entrant in a declining video market can capture significant market share,” says longtime telecom analyst Craig Moffett of MoffettNathanson Research.

Still, it’s hard to count T-Mobile out: The cash flow from its wireless business, paired with Legere’s knack for us-against-them marketing, could be a winner again. “It may not be the Comcast killer in the beginning, but it will be for people that love TV but hate cable,” Legere says of the offering. “Everyone gets their wake-up call.”



• **BACK IN NOVEMBER**, after the Sprint deal failed, the mood among T-Mobile’s top ranks was downbeat. The deal could have generated cost savings of \$30 billion for the combined company. But Sprint’s majority owner, Japan’s SoftBank, wanted to retain considerable control in the combined entity, and the two sides couldn’t agree how to value Sprint’s stock.

Two days after his last negotiating trip to Tokyo, Legere gathered a half-dozen top lieutenants at Canlis, a high-end Seattle restaurant with commanding views of the Cascade Mountains. Over multiple bottles of wine, he reminded the execs that the code names for Sprint and T-Mobile during the talks had been “Spain” and “Thailand”—and offered to buy any of them either an all-expenses-paid vacation for two, to either country, or a pair of Segway scooters or Vespas. (So far one executive has chosen Thailand, and two picked Spain. “No takers on the Vespas yet,” Legere says wistfully.) With their attitudes adjusted, the execs went looking for their next big move.

The success of that move may depend heavily on help from the executive in the office next to Legere’s. Chief technology officer Neville Ray oversees the team that builds and maintains T-Mobile’s network infrastructure, with a diverse staff that ranges from double-Ph.D.s in radio engineering to real estate experts to field technicians. Without naming names, Legere says T-Mobile is prepared to acquire some of the smaller U.S. carriers that are still independent. Integrating a new

• **EXECS ON CALL**
Callie Field (hatless, center), head of customer care, poses for a selfie with staff at a call center in Meridian, Idaho. “There are two types of people” at T-Mobile, says another exec. “Those who serve customers, and those who serve those who serve customers.”

84 ACTIVISION BLIZZARD



IN A PLACE WHERE FANTASY REIGNS, THE GAMING AND ENTERTAINMENT GIANT ATTRACTS TOP TALENT BY OFFERING THE CHANCE TO ACQUIRE REAL-WORLD SKILLS AND THE FREEDOM TO CRAFT THEIR OWN CAREERS. **BY ANDREW NUSCA**

● **THE VISION WILL COME TO YOU** when you least expect it. It will strike you a moment somewhere between accepting your fifth meeting request of the day and gulping down your third overly acidic cup of corporate coffee. You will see before you the outline of a gleaming village by the ocean, tucked into the base of a verdant mountain range. Step toward it. Reach out. Leave behind your familiar fluorescent light, beige walls, and patchwork gray carpet and venture instead to this beautiful place—its cornflower sky, its swaying palm trees, its



○ The Loremasters of Blizzard Entertainment goof off in their Irvine, Calif., lair. From left: Sean Copeland, Christi Kugler, and Justin Parker.

amber sun that reflects off the water on the horizon. It is here, reader, in this land of magic and wonder, where villains are vanquished, heroes are made, and legends are born. Indeed, it is here, in this place called Irvine, where you might aspire to something more.

For this is the sovereign kingdom known as Blizzard Entertainment, part of the great California empire known as Activision Blizzard, where beyond the slow-moving security gates is a world most corporate denizens can only dream of.

• THE 100 BEST COMPANIES TO WORK FOR •

Step inside the campus, walk along the concrete path from the entrance, and you will quickly confront an ax-wielding, wolf-riding Orc, its grimace frozen by the fury of an endless battle. Step through a door only to stare up at a faceless archangel known as Tyrael, hovering 14 feet in the air with sword in hand to protect humanity from the forces of Hell. Beyond this seraph, past the Sanctuary and the Zen Den and down a long and dark corridor, is the Library. It is here, behind portals of iron and wood and among rows and rows of books and games, where you will meet the Loremasters—the men and women tasked with protecting and passing on the stories of this kingdom for a new generation. They await you with hands clasped, seated around a large wooden table.

“Loremaster” is a real job at this \$54 billion company. And theirs is not an easy task. Activision is growing rapidly—annual sales climbed 6% to \$7 billion this year, and it now lays claim to 385 million monthly active users—and with every new venture comes the risk of repeating the tales of its lucrative franchises incorrectly. Once only an empire of video games, Activision Blizzard has come to encompass books, films, toys, and e-sports. In addition to its namesake divisions, A-B, as employees sometimes call it, in 2015 further expanded its borders to the far-off land of London to include the aptly named King, manufacturer of mobile adventures such as *Candy Crush*. The Loremasters’ duty is to, amid all this activity, ensure that the legends of Blizzard’s *Warcraft*, *StarCraft*, and *Diablo*—never mind others elsewhere in the empire—accurately live on. That burden falls on the shoulders of Sean Copeland, Justin Parker, and apprentice Christi Kugler—“world-class dungeon masters that can empower the other dungeon masters across the company so they can execute on their awesomeness,” as Copeland describes it, paraphrasing his predecessor.

“There’s a saying about jazz musicians that every scar on their face tells a story,” says Robert Simpson, a Blizzard lead editor who regularly works with the Loremasters. Every detail

has a story connected to it, and “every mistake and inconsistency makes you believe it less.”

The long tenures of the Loremasters—Parker, 19 years; Copeland, 11 years; Kugler, three years—are telling, though far from unusual. Everywhere you turn at Blizzard there are ceremonial steins, swords, shields, rings, and the occasional helm (a battle mask of sorts) to commemorate individual years of service. Similar objects decorate the halls at Activision.

The people of the realm are quick to tell you that they are happy here. The perpetual sun and the palms help, no doubt. And the ubiquitous presence of their great warriors—the towering statues of game characters that stand at the entrance to many campus buildings—is most welcome. But it’s the daily freedom it affords that keeps most people from uprooting and finding work elsewhere. Passion is rewarded, creative discourse is encouraged, and excellence is paramount. “Honestly, one of the things I’m most proud of about Blizzard culture is that disagreeing is okay,” says Mike Morhaime, who co-established the Activision kingdom in 1991. “A really good culture actually encourages healthy debate.” Nate Nanzer, the commissioner of the Overwatch League, a professional e-sports association, agrees. “You are here because you’re great, and you’re expected to do great things and be an active voice in what we’re building,” he proclaims.

Though Nanzer has been with Blizzard for only 3½ years, his path—first joining its research and consumer insights group before diving headlong into e-sports—is common in the greater Activision Blizzard empire. Many people come to this place because they know their versatility will be rewarded. Brandy Stiles joined 11 years ago as a quality assurance analyst with a college degree in theater and an affinity for *World of Warcraft*; today she co-leads the rigging and character simulation teams for its animation group. “We’ve got a lot of people here who started in entry-level positions, made connections within the company, learned peer to peer and practice to practice, and switched between titles to find their spot,” she says.

WHAT'S IT LIKE TO WORK AT A VIDEO GAME POWER-HOUSE?

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HERE, A FEW OF THE PERKS, CLASSES, AND PROGRAMS OFFERED AT ACTIVISION BLIZZARD. BURNISH YOUR SHIELD AND BRUSH UP ON YOUR SWORDPLAY:

BLIZZARD ACADEMY
Lessons in everything from sculpting and modeling to sketching and screenwriting

SERVICE AWARDS
Swords, shields, and bronzed game controllers to commemorate tenure at the company

A BOOT CAMP FOR BATTLE
Training in Aikido and swordsmanship

GAMING ZONE
An area for Activision employees to play games on breaks or off-hours. It also plays host to monthly employee tournaments

SXS INNOVATION CHALLENGE
A *Shark Tank*-style contest to solve real-world business problems

Sam Didier, a legendary art director with a dark mop of heavy-metal hair who joined Blizzard in 1991, concurs. The merits of talent management and individual development are manifest. “All of the producers on our team came from customer service or billing or QA or any other department,” he says. (Besides, he adds, battle fatigue is real. It can be helpful to embark on a new mission from time to time.) This approach rings true 50 miles north at Activision as well as 5,400 miles east at King. “We’re able to balance the benefits, feeling, and fun of being on a smaller team with the benefits of the broader network of talent and knowledge and technology in the company,” says Dave Stohl, leader of Activision’s Infinity Ward studio, known for its *Call of Duty* series. Riccardo Zacconi, the reigning monarch at King, puts it more simply in a phone call from London: “When the learning curve goes flat, you have to learn again.”

Even if that includes lessons in swordsmanship, sculpture, screenwriting, cooking, weight lifting, or leadership, as it does in Irvine. “I take a class once a week no matter what—either learning more art or a language or something,” says Jessica Johnson, a platinum-haired character modeler on the animation team. “You’re scheduling time to practice a discipline that ultimately leads back into your work.”

The sun is getting low in the sky now, its rays tinged in terra-cotta. It is nearly time for you to return to the real world and the parade of meetings that awaits. You must therefore speak with the emperor of this fantastic realm, Bobby Kotick, the king of kings who has presided over these lands for 27 years. He has watched the empire grow from near-ruin into a great power; surely he knows what attracts people to it after all these years.

Through another door and down a long corridor, the emperor awaits. You find him seated on a soft throne with a panoramic view of palms visible over his shoulders. You ask him why the people are so happy. You ask him how, as one citizen called Andy Simonds earlier described, it remains a place where people believe they can “work on cool stuff that other people care about.” You ask him how he fosters an environment where, as another citizen named Julie Farbaniec explained, people “don’t have to ‘suit up’” to coexist. The corners of his mouth turn upward into a slight grin.

“Our purpose is to make every day more fun,” Kotick replies with a glint in his eye. “If you can’t be a great place to work when your mission is that, who can?” ■

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With little fanfare, the federal government has seized substantial piles of cryptocurrency from drug dealers and other criminals—loot that's now potentially worth billions of dollars. The way it's handling that digital hoard is raising some big questions.

UNCLE SAM'S SECRET

BITCOIN WINDFALL

by JEFF JOHN ROBERTS



เพื่อการศึกษาและอ้างอิงเท่านั้น



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WHEN ALEXANDRE CAZES hanged himself in a Thai jail cell in July, the 25-year-old left behind the trappings of a big-league drug dealer: villas, Lamborghinis, a Porsche, bank accounts in Liechtenstein and Switzerland. But Cazes, who authorities allege operated AlphaBay, the world's largest black-market website for drugs and weapons, also left something else: Internet "wallets" holding millions of dollars' worth of Bitcoin and other virtual currencies.

Cazes's digital loot is now property of the U.S. Justice Department, which seized it during a global sting operation. The agency plans to sell it, and given that Bitcoin's value has soared more than fivefold since then, it could reap a huge windfall. But if you want to find out who's holding those coins, or when they're being sold, you'll need extensive cybersleuthing skills—and a lot of free time.

These digital seizures and sales, unheard-of five years ago, are fast becoming routine. Bitcoin's enduring popularity among online wrongdoers, and its growing presence in criminal busts, has turned Uncle Sam into a major player in cryptocurrency markets. While exact figures are impossible to pin down, documentary evidence and interviews with current and former defense attorneys and prosecutors suggest that at least \$1 billion worth of digital coins, and possibly much more, has spent time in the custody of U.S. law enforcement.

But once in government hands, this digital hoard disappears behind a cloak of secrecy. The anonymity that makes Bitcoin a darling of libertarians—along with opaque property-seizure laws hated by those same libertarians—makes it virtually impossible for the public to follow the digital money. And as federal agencies have been drawn into an ever-growing role in the cryptocurrency boom, their efforts to guard their digital gold have led to surprises, stumbles, and sometimes sin.



THE U.S. MARSHALS SERVICE is the oldest law-enforcement agency in the country, counting gunslingers like Wyatt Earp and Wild Bill Hickok among its alumni. More recently,

TV and movies have familiarized many Americans with its role transporting prisoners and tracking dangerous fugitives. Far fewer people know the marshals sell Bitcoin.

A decades-old law gives the Marshals Service, which is part of the Department of Justice, primary responsibility for disposing of items seized by other federal law-enforcement agencies. That's why you can visit the marshals' website and ogle boats, cars, planes, wristwatches, and other ill-gotten gains snatched by the FBI and other agencies, all available at public auction. The seizure process, known as forfeiture (see sidebar on page 58), became more commonplace and controversial in the 1980s after Congress made it easier for federal officials to sell assets tied to drug crimes.

At the time, no one knew these assets would someday include money mined on computers. That changed earlier this decade during an epic investigation into Silk Road—a global eBay for illegal drugs. A young Texan known as Dread Pirate Roberts (real name: Ross Ulbricht) built Silk Road on three then-new technologies: cheap cloud data storage; the Tor browser, which let people roam dark parts of the Internet undetected; and Bitcoin, which let them pay each other in a secure, semi-anonymous manner, without involving banks.

By 2013, as the feds closed in on Silk Road, criminals had become savvy about Bitcoin, but law enforcement lagged behind. "There was no expertise. It was too new," says a prosecutor involved in the case. Like most sophisticated Bitcoin users at the time (and most criminals today) the Dread Pirate didn't rely on a broker such as Coinbase to hold his digital funds. Instead, Ulbricht controlled an online wallet using a private key—a long, complex set of characters that's basically impossible to guess. In private-key cases, the only way law enforcement can quickly obtain the Bitcoin is if the suspect reveals the key.

Enterprising agents figured out ways to snag suspects' currency when it wasn't protected. To get Ulbricht's Bitcoin, they snatched his open, unlocked laptop from under his nose while arresting him in a San Francisco library. (As for Cazes, he was logged in to an AlphaBay administrator's account when agents rammed a car through the gate of his Thailand estate.) By the time they

busted the Dread Pirate, the marshals had got up to speed: They controlled at least two digital wallets of their own, to hold the Silk Road currency and receive Bitcoins seized by other agencies. "This was cutting-edge stuff," says Sharon Cohen Levin, a longtime chief of the asset-forfeiture unit in the U.S. Attorney's office for the Southern District of New York, and now a partner at WilmerHale. "We'd never done something like this." Once they did, however, the marshals fell back on standard procedure, preparing to handle the Bitcoin the same way they would a coke smuggler's speedboat: by auctioning it off. That posed challenges because of the sheer size of the seizure—about 175,000 Bitcoins, or 2% of all the Bitcoin in circulation at the time. According to a prosecutor familiar with the case, the marshals opted for a staggered series of auctions to avoid crashing Bitcoin's price.

In four auctions between June 2014 and November 2015, the marshals sold the Silk Road Bitcoins for an average price of \$379. Bitcoin went on to enjoy a huge run-up; as a point of comparison, in an unrelated auction this January, the marshals sold off 3,813 Bitcoins and netted \$45 million—or about \$11,800 per coin. Sold at those prices, the Silk Road stash could have reaped \$2.1 billion, enough to cover the Marshals Service's annual budget; in 2014 and 2015, it netted just \$66 million. Billionaire venture capitalist Tim Draper, meanwhile, made what might be the investment of the decade when he snapped up 30,000 of the Silk Road coins for about \$600 each. Draper, who described the auction process to *Fortune* as "smooth," says he hasn't sold a single one, adding, "Why would I trade the future for the past?"

The marshals couldn't have anticipated this, of course. And federal agents shouldn't be expected to time the market when they sell assets, says Clifford Histed, a former prosecutor who now practices at K&L Gates. In cases Histed worked in which securities were seized, he says, "we realized the government

"AS LONG AS POLICE HAVE BEEN SEIZING CASH, SOME HAVE BEEN SKIMMING IT. I DON'T THINK BITCOIN WILL PROVE ANY DIFFERENT."



FOR SALE Approximately 3,813.0481935 bitcoins

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BITCOIN ON THE BLOCK The law gives the Marshals Service primary responsibility for disposing of assets seized in federal criminal cases. In the past few years, the agency has held six auctions involving Bitcoin.

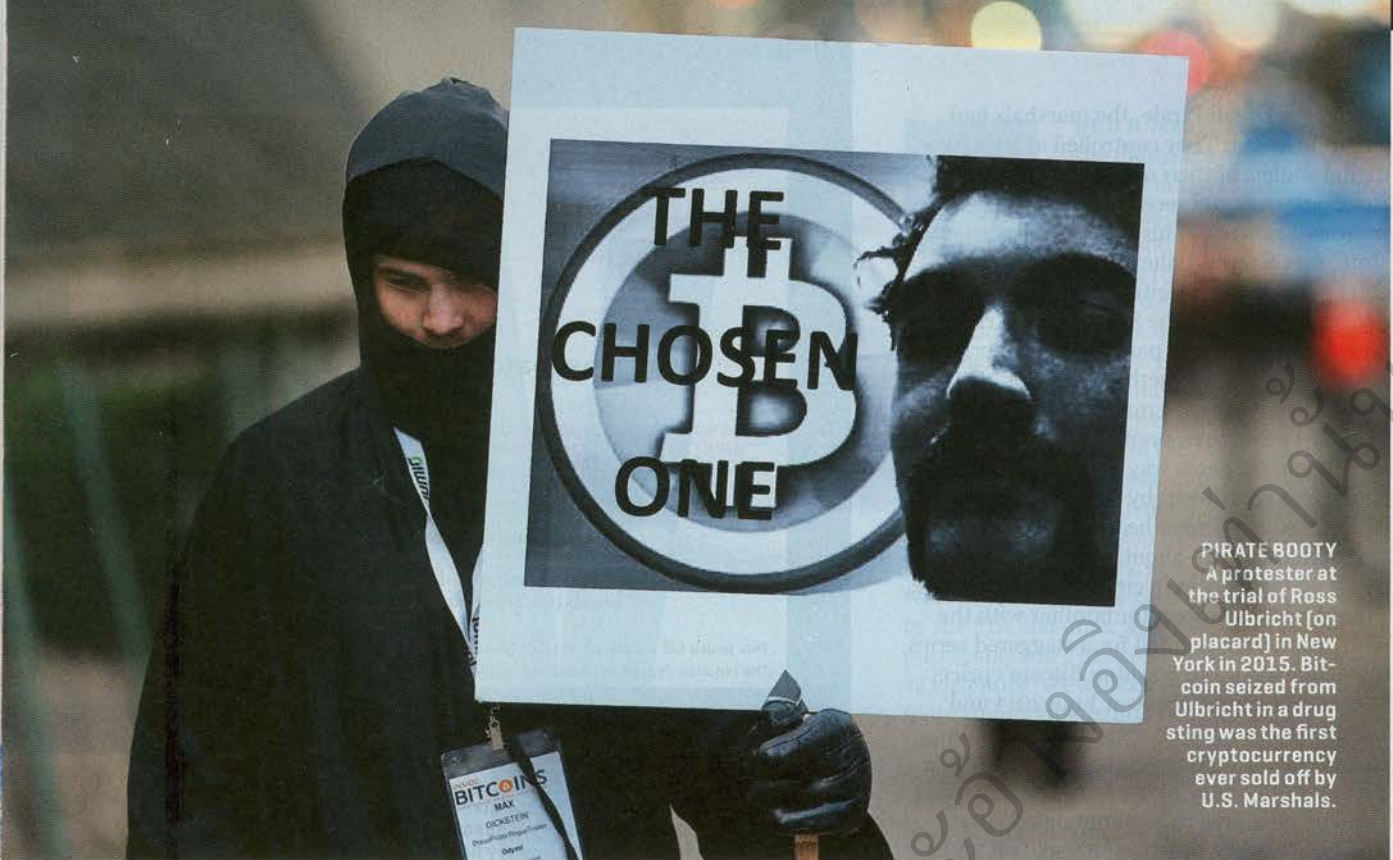
doesn't want to be in the business of guessing the stock market."

Still, the Silk Road fire sale exposed the feds to ridicule from cryptocurrency devotees—and in an era of strained budgets, the pressure to sell high is great. In mid-December, as prices neared \$20,000, U.S. attorneys rushed to federal court in Utah for permission to sell 513 Bitcoins they'd seized from a seller of counterfeit pharmaceuticals. The judge agreed, but the marshals didn't make the sale until late January, by which point the price of Bitcoin had fallen nearly 50% off its high.

Local authorities are dealing with comparable headaches. "We had a good, old-fashioned kidnapping and robbery where they put the guy into what he thought was an Uber and then held him at gunpoint for \$1.8 million worth of [digital currency] Ethereum," forcing him to give them his private key, says Brenda Fischer, who leads the cyber unit of the Manhattan District Attorney's office. The DA's office recovered the funds but is now coping with a conundrum: The robber converted the Ethereum to Bitcoin, whose price rose significantly after the theft—raising novel legal questions over who should get the surplus windfall.



FORFEITURE.GOV, a website run by the Justice Department, might seem at first like a godsend for watchdogs. On a recent Monday, a document on the home page detailed at least \$2 million worth of digital coin forfeitures involving multiple agencies. You could learn that the Drug Enforcement Administration took 140 Bitcoins from a drug dealer in New Hampshire and 25 more from one in Boston, and that Customs and Border Protection seized 99 Bitcoins and 99 units



PIRATE BOOTY
A protester at the trial of Ross Ulbricht (on placard) in New York in 2015. Bitcoin seized from Ulbricht in a drug sting was the first cryptocurrency ever sold off by U.S. Marshals.

of Bitcoin Cash (a separate currency) in Salt Lake City.

But the transparency is fleeting. There are often long lag times between the date of a seizure and its appearance in a report. And reports aren't archived online: Each day, when a new one appears, the old one goes away. Paper copies exist—but nowhere, online or on paper, is there a tally of the cryptocurrency in federal custody at any given time.

"This country is weirdly lacking in central registries," says Alex Lakatos, an attorney with Mayer Brown who has advised clients on forfeiture. Whether it's the feds or local authorities doing the seizing, he adds, "we don't know how much property has been seized." Asked if there is any public registry of forfeited property, a spokesperson for the marshals replies with a flat no. And there is no law obliging the government to create one. Histed and others in law enforcement generally defend this opacity; more transparency, they argue, could tip off criminals about agents' methods or ongoing investigations.

In theory, any Bitcoin in federal hands *can* be traced, because cryptocurrency transactions are inscribed forever on a public blockchain ledger. But while Justice Department documents sometimes publicly identify "secure government wallets," many criminal cases do not, making it unclear where the Bitcoin went. Even in cases in which the wallet is identifiable, its contents appear to a layperson as endless strings of alphabet-soup characters—anonimized representations of individual coins, transactions, and users. To be sure, a cottage industry of forensics firms, including Elliptic and Chainalysis, has sprung up to help clients—many of them law-enforcement agencies—connect wallets to their owners. But public disclosure is not part of their mission.

This state of affairs makes it extremely difficult to figure out how much cryptocurrency the government owns—and it's not clear, given the range of agencies grabbing Bitcoin (which also includes the Secret Service; the Bureau of Alcohol, Tobacco, and Firearms; and the

WHO GETS THE BITCOINS? How Forfeiture Works

When agencies like the FBI and DEA seize Bitcoin, they rely on the Marshals Service to sell the seized coins. If the case involves a victim of a crime, the Justice Department distributes the funds as restitution. The remaining money is also shared with international partners and, if local law enforcement helped in the case, they can apply for up to 80% of the proceeds. The Justice Department then keeps and distributes the rest of

the money to federal law enforcement at its discretion.

Critics say the forfeiture process can be abused. "It incentivizes them to seize property," says David B. Smith, chair of the Forfeiture Committee for the National Association of Criminal Defense Lawyers. One silver lining: At the federal level, Smith adds, there is no direct connection between who seizes the property and who gets the proceeds, "so it is less corrupting."

Post Office) that the government itself knows. For advocates of transparency, it's particularly galling given that blockchain technology, if deployed well, could easily make this clear. And to critics of forfeiture, the Bitcoin black hole is a digital manifestation of a system that has been abused for decades. Foes say that sweeping forfeiture powers at the state and local level create perverse incentives that can lead, in effect, to cops robbing civilians. "I've spent 23 years in law enforcement and, unfortunately, I believe as long as police have been seizing cash, some have been skimming it," says Histed. "I don't think Bitcoin will prove any different."

Seen in that light, discrepancies and gaps in the public record take on troubling overtones. In tracing a sample of Bitcoins from court records and forfeiture notices, *Fortune* turned up several instances of coins whose seizure was documented but whose sale was not. Court filings from 2014, for instance, show the IRS seized 222 Bitcoins from a marijuana dealer in Texas, but there is no documentation of its sale. Likewise, there is no auction record for 50.44 Bitcoins seized by the Secret Service in 2014 from a couple who ran an illegal drug and money-changing site under the name "JumboMonkeyBiscuit." (Other cases reflect odd valuations—for instance, the forfeiture notice for the 99 Bitcoins seized in Salt Lake—worth around \$800,000 in early February—lists the value of the currency as \$0). Some of these coins could still be tied up in active cases or in the hands of the agencies that seized them. But since the Marshals Service doesn't comment on its internal processes, there's no way to know whether there's a valid reason why they're in limbo.

There is no evidence to date of government agents misusing the forfeiture process to steal Bitcoin, and former prosecutors, including Histed, stress that corruption is the exception, not the rule. Nonetheless, the long gaps between seizure and sale only amplify the suspicions of defense lawyers and civil libertarians. And sources across the spectrum agree that the combination of opaque oversight and easy-to-move digital currencies creates a powerful temptation to go astray. Indeed, the first major federal Bitcoin bust proved as much.

JAROD KOOPMAN is the director of Cyber Crime in the Criminal Investigation division of the IRS. The tax agency's crime-fighting wing has about 2,000 agents—accountants with a badge and a gun—and counts a

growing number of cryptocurrency experts in its ranks. "They're the cream of the crop," Koopman says.

But one of the team's best-known busts is also its most disturbing, because it involved an inside job. During the Silk Road investigation, two agents—Carl Force of the DEA and Shaun Bridges of the Secret Service—went on a crime spree that would make Al Capone blush. Before Dread Pirate Roberts was arrested, they stole Bitcoin from the kingpin and his website and tried to extort payment from him. The crooked pair even posed as hitmen, staging a fake execution of an informer as part of another scheme to defraud Ulbricht. The IRS sleuths eventually snared Force and Bridges; both pleaded guilty in 2015 to charges related to the case. The agents carried out their scam before Ulbricht's assets were seized, so they didn't technically game the forfeiture process. Still, the case points up the potential for murky doings when digital currency meets forfeiture law.

The Marshals Service, which is in the best position to provide a detailed accounting of seized property, is operating under something of a cloud itself. In September, after a lengthy investigation by staffers at the Senate Judiciary Committee, chairman Sen. Chuck Grassley (R-Iowa) blasted the service for using forfeiture funds to pay for perks and luxury items such as "high-end granite countertops and expensive custom artwork," much of it installed, appropriately enough, at a new Asset Forfeiture Academy in Houston. It wasn't exactly a superheist, but it does nothing to assuage forfeiture critics or Bitcoin adherents, many of whom embrace the currency precisely because they lack faith in the integrity of governments.

Koopman estimates that his IRS squad has helped seize tens or hundreds of millions of dollars' worth of virtual currency. That's just one agency: Given that nearly a dozen others have forfeiture power, Koopman's guess offers a sense of how far the government's reach could extend into the digital coin market. And that reach will only grow as cryptocurrency becomes more commonplace.

Finding illicit currency won't get any less challenging. For years, bad actors have been "moving to other currencies that didn't leave the same digital bread crumbs," says Jud Welle, a former cybercrime prosecutor who is now a consultant with Aon. Many have abandoned Bitcoin for coins like Monero and ZCash, which offer the same sort of secure payment options but are all but impossible to trace. And more online black markets now bake so-called tumblers, which scramble transaction records, right into their checkout services, says James Smith, the CEO of forensic firm Elliptic. It adds up to a potentially endless digital cat-and-mouse game. And if law-enforcement agents ever do go rogue, the currency they steal will be that much easier to hide.

The digital money, meanwhile, keeps rolling in. Another recent forfeiture.gov list showed a DEA seizure of six Bitcoins in New Jersey, along with 27 Bitcoins (worth approximately \$330,000) taken from one Anton Peck by the U.S. Attorney's Office in Colorado. And an early February sting against a global credit card fraud ring reportedly netted the U.S. 100,000 more Bitcoins. In theory, Uncle Sam will be putting all of it up for auction—someday. ■



**FROM WRITER
TO RICHES**
Ries went
from blogging
about startups
to becoming
one of Silicon
Valley's most
sought-after
consultants—
a career he
says he never
anticipated.

THE ACCIDENTAL

Eric Ries's "lean startup" thinking has spawned a consulting and publishing empire and inspired countless executives to become acolytes. **Not bad for a guy who says he doesn't really like business.**

BY ADAM LASHINSKY

GURU

The irony of Ries's subsequent exalted status among entrepreneurs is that none of his startups amounted to much. INVU, still privately held with \$60 million in profitable revenue today, is a plodder by Silicon Valley standards. Ries left in 2008, hung out for a time at venture firm Kleiner Perkins, and mostly devoted himself to an increasingly popular blog about his observations on starting and scaling companies. The blog got him going on the book, which led to his speaking and consulting career. Then big companies started calling.

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EARLY IN *The Startup Way*, Ries compares the traits of "an old-fashioned company" and a "modern company." The contrasts are devastating for anyone who works at the former and wishes their employer were more like the latter. An old-fashioned company, in Ries's estimation, focuses on quarterly results, has experts in functionalized silos, and tracks metrics that make managers look good. Middle managers, intent on doing things how they've always been done, hold tremendous sway. A modern company, in contrast, is long-term-oriented, utilizes cross-functional teams, deploys rapid experiments, and measures the meaningful impact of business operations. Above all, modern companies empower entrepreneurial thinkers as change agents.

Ries's criticisms amount to an indictment of most of the corporate world. Initially, he flat-out resisted becoming a sage for big businesses. But he gradually came to see a contradiction in his own philosophy. Ries has a standard definition of a startup, "a human institution designed to bring something new under conditions of extreme uncertainty." His rinse-and-repeat presentation on the subject notes that his definition "doesn't say anything about size of company, stage, its age, sector, industry," and so on. "It's fundamentally about uncertainty," he

'THE STARTUP WAY' AT WORK

STARTUP CONSULTING IS BIG AMONG BIG BUSINESSES. HERE'S A SELECTION OF THE LARGER ENTERPRISES ERIC RIES HAS HELPED AS A COACH OR CONSULTANT.



P&G

► Adapting Ries's "most viable product" concept, Procter & Gamble got two new lines of feminine-hygiene products [above] to the consumer market-testing phase in just one year; it used to take three.

GE

► Its FastWorks innovation program is based on Ries's lean-startup methodology. One positive result: GE's gas turbine business shifted its model from selling upgrades over time to committing to future changes upfront, a customer-friendly approach. GE claims \$2 billion in additional sales in 2016 as a result.

INTUIT

► A devoted lean-startup practitioner, the tax-and-accounting software maker has used its methods to test different approaches to phone support. Small-user-group tests also sped up Intuit's development

of a new version of QuickBooks for self-employed workers.

CITI VENTURES

► The VC arm of the banking giant uses "growth boards," another Ries-ian construct, to hold periodic "Deal Day" meetings where internal teams can pitch investment ideas and act on them quickly, though only for relatively low-risk, non-needle-moving opportunities.

NATIONAL SECURITY AGENCY

► Generating the codes that govern the U.S. nuclear arsenal used to require two NSA staffers to share a "no-lone" room for

hours at a time. The intelligence agency's product incubator relied on lean-startup testing to develop a system allowing staffers to do the work from separate locations via secure smartcard log-ins, without compromising safety.

TOYOTA

► The automaker is an original inspiration to Ries for its pioneering embrace of lean manufacturing techniques, including small batch sizes, rapid iteration, and seeking input from workers. Now Toyota is using lean-startup tactics to find new approaches to connected-car technology, an area where it lags rivals.

says. "And therefore anyone who meets this definition is an entrepreneur," regardless of scale. Over time, as more denizens of the *Fortune* 500 came to hear him speak—and called his bluff—his intellectual curiosity got the better of him, and he accepted the challenge of working with megacorporations.

Ries reckoned that the trick for big companies was to stop thinking about their size. They needed to form small groups devoted to the practice of innovation, and empower and protect them on a continual basis—as the core of the "21st-century org chart" his followers admire. Once formed, these smaller units could run experiments that were outside the norm of how their companies might typically launch products.

One of the most storied companies to give lean-startup thinking a whirl is Procter & Gamble. The consumer products Goliath has an impressive history of innovation—it has 20 brands with more than \$1 billion in annual sales—but in recent years, growth had stalled. The company hired Ries in 2016 to speak to its top commercial leaders. He inspired them to get serious about speedier and leaner product testing, says Kathy Fish, P&G's chief research, development, and innovation officer. "Because we're a big company we had lots of people involved with innovation," she says. "Now we have small, dedicated groups, as small as three people." (One unexpected bonus of lean teams? Fewer meetings.)

While P&G's lean-startup experiments will take years to play out, it already has seen a measurable change in its corporate mindset. This past fall, for example, it began market-testing new versions of its Always and Tampax feminine pads in the U.S. that featured simpler ingredients. It deployed a "transactional learning experiment" that introduced early versions in 200 Target stores. P&G hoped the products would be popular with millennials, and the limited, speedy test—they got to market in a year compared with the typical three—confirmed that customers would pay a premium.

Whereas before P&G would have conducted attitudinal research and large market tests, "now we get clear early on 'leap-of-faith' assumptions," says Fish. One of the three sizes for the pad initially tested

A STOCK EXCHANGE FOR THE LONG HAUL

Eric Ries says that pressure from investors for short-term results is keeping innovative companies from growing. His solution: The Long-Term Stock Exchange [LTSE].

► **THE COMPANY:** LTSE, a 15-person company of which Ries is CEO, raised \$19 million from investors in 2016.

► **THE MISSION:** To build a stock exchange whose rules and structure encourage long-term investing.

► **THE RULES:** Among other things, companies that list on the exchange would be barred from issuing quarterly earnings guidance, and investors who hold their shares longer would get more influence, through "tenured voting."

► **THE OBSTACLES:** LTSE doesn't yet have approval from the SEC to list or trade stocks. And some companies fear that buying in to the concept would decrease their market value.

poorly with consumers. Traditionally, that would have stalled the entire test; instead, P&G moved forward with two sizes.

At Ries's most prominent test case, General Electric, upwards of 60,000 employees have been trained in lean-startup methods. They have worked on hundreds of projects, from speedily designed aircraft engines to "digital" wind farms that help customers determine how best to deploy GE turbines. The Ries way even has its own name at GE, FastWorks, which executives describe as a corporate way of life. "The language of the company has become the FastWorks language," says Janice Semper, culture transformation leader at GE. "That includes customer value, understanding problems before we start, and being smart about our thinking before we decide on capital allocation."

It speaks to the impact of Ries's approach that FastWorks appears to have stuck at GE despite the departure of many of its champions, including Immelt and Beth Comstock, the vice chair who previously led GE's innovation efforts. Of course, GE's problems may be bigger than being more innovative. New CEO John Flannery is so frustrated with anemic growth that he has floated the idea of breaking up the company. Ries says he's "cautiously optimistic" about GE, and confident the FastWorks efforts will bear meaningful fruit.

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AT THE VERY END of *The Lean Startup*, Ries addressed a policy matter that was bugging him. He could help startups grow, but he couldn't do much about the environment they'd face as public companies in a marketplace obsessed with short-term financial goals—a climate that stifles innovation by discouraging risk-taking. He proposed a long-term stock exchange, where companies would agree to focus on the long haul and investors would be rewarded for hold-

ing on to their shares longer. Its business model would involve competing for IPO listings against traditional stock exchanges.

No one acted on Ries's proposal, so a few years later, he founded a company, called it the Long-Term Stock Exchange, and began the arduous process of getting permission from the Securities and Exchange Commission to list and trade stocks. In 2016 it raised \$19 million from a bevy of VC firms, including Andreessen Horowitz, and tech-industry luminaries. It instituted novel governance rules, like forbidding quarterly earnings guidance. On the investor side, LTSE proposed so-called tenured voting, which gives shareholders who keep their stakes more voting power. Traders would be free to dart in and out of stocks, but they'd have little to no influence over management.

A rational guy, Ries can approach righteous indignation when talking about the need for LTSE. Fewer companies are going public, he notes, because it's easier to stay private than face the wrath of ruthless activists and other short-term actors. "I don't really understand what people's plan is if this trend continues," he says. "We're going to wind up with, like, seven public companies that are mega-conglomerates, and everything else is private. That's a terrible policy outcome."

Translating theory into reality has proved challenging, however, and despite the efforts of a 15-person staff, with Ries as CEO, LTSE remains mostly an idea. Last fall, Ries said LTSE would file with securities regulators by the end of the year, but in December the startup pivoted. It reached an agreement with IEX, a new stock exchange whose founders starred in Michael Lewis's bestseller *Flash Boys*, whereby LTSE-listed stocks will trade on IEX, which already earned SEC approval.

There's also the niggling and widespread fear that favoring long-term investors will decrease values of the listed companies. It's an assertion LTSE disputes: "We're creating a system that allows companies to be held to a higher standard," says Michelle Greene, an Obama administration Treasury and NYSE veteran who is LTSE's chief policy officer. "When you really enable management to manage for the long term,

that will enable them to create more value."

For now, LTSE faces classic chicken-and-egg dilemmas. It can't list any company without SEC approval; but once it can, any company that chooses it for its IPO will risk the most important fundraising event in its history on an unproven concept. "Before you take a company public there's a lot you don't know," says Dick Costolo, the former CEO of Twitter and an LTSE investor. Adds LTSE adviser Lise Buyer, who runs a firm that helps startups go public: "Eric is trying to do good things, but it will be a long hard climb. Change comes very slowly to regulated markets."

Still, Ries is so committed to the Long-Term Stock Exchange that it's now his full-time job. He generally isn't taking on new consulting clients. But he notes that "a lot of other entities have taken up the slack. There's now a cottage industry of people who do startup consulting."

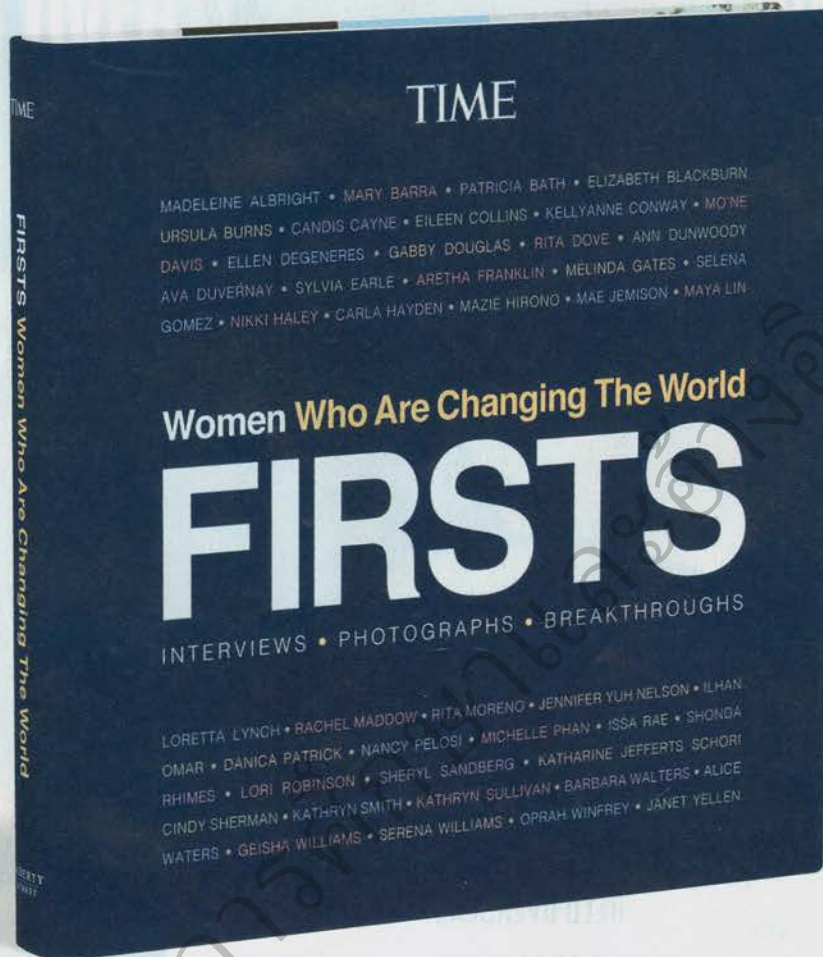
Cottage industry may be an understatement. Corporate hunger for lean-startup help is so robust that groups with names like Bionic, Moves the Needle, and Leanstack—and oodles more that roamed the halls at the Lean Startup Conference—are ready to step in where Ries can't. And Ries still has his hand in the game. Stephen Liguori, an ex-GE executive, now runs an innovation consulting firm that plays Ries-ian roles for the likes of Dutch bank ING and Hong Kong's Jardine Matheson. Liguori and Ries also have a new side business, a membership organization called the Corporate Entrepreneurship Community, that brings together innovation executives from large companies to compare best practices. Charter members include GE, MetLife, P&G, Vanguard, ING, and HP.

Ries, who has two small children, says there isn't much time left for hobbies. But he does play piano and guitar, and he has a new musical passion that indulges his geeky side. "I taught myself sound editing and audio engineering," he says. "I like the programmable and modeled instrument trend. They build a mathematical simulation of the physics of what the instrument would be, and then generate the sound waves from that." If he gets good enough, Ries might even play the Warfield one day. ■

"ERIC IS TRYING TO DO GOOD THINGS, BUT IT WILL BE A LONG HARD CLIMB," SAYS ONE ADVISER. "CHANGE COMES VERY SLOWLY TO REGULATED MARKETS."

“My mom always used to say,
‘Inspire a generation.’”

—Gabby Douglas, *Olympic champion gymnast*



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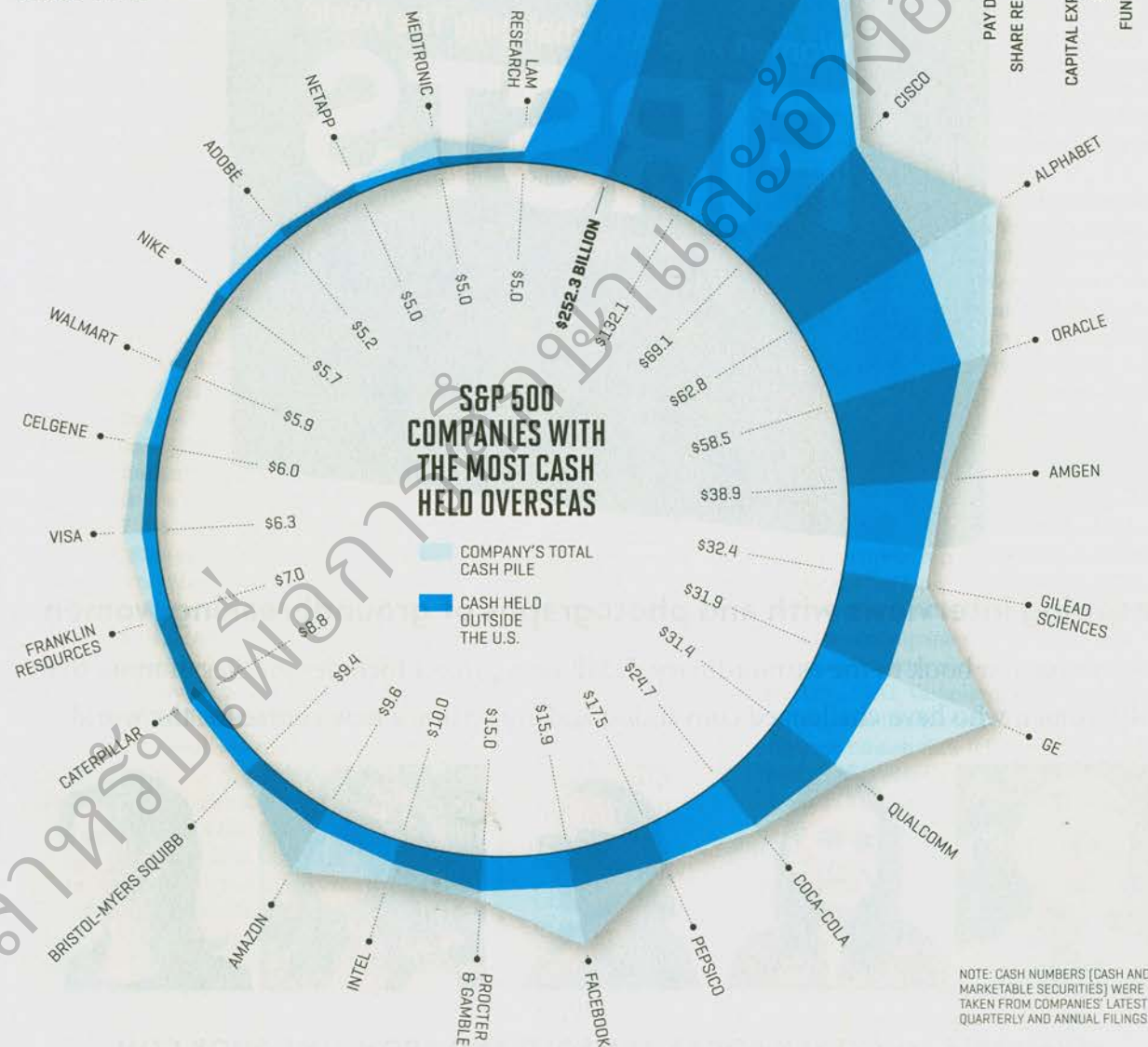
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CASH BACK

ONE OF THE BIGGEST cat-and-mouse games in corporate finance is ending. Thanks to the Tax Cuts and Jobs Act, signed into law in December, U.S. companies will no longer have an incentive to stash profits generated overseas to avoid high taxes at home. The new law dropped the U.S. corporate rate from 35% to 21%, put minimum levies on low-taxed foreign earnings, and imposed a one-time tax of 15.5% on cash parked outside the U.S.—which BofA Merrill Lynch estimates to be a total of \$1.2 trillion for S&P 500 nonfinancials. In a survey, companies told BofA they were most likely to use the repatriated cash to pay down debt and buy back stock. —BRIAN O'KEEFE

HOW COMPANIES PLAN TO USE REPATRIATED EARNINGS



NOTE: CASH NUMBERS (CASH AND MARKETABLE SECURITIES) WERE TAKEN FROM COMPANIES' LATEST QUARTERLY AND ANNUAL FILINGS

CHILDHOOD POVERTY
CREATES
ADULT POVERTY
CREATES
CHILDHOOD POVERTY
CREATES...

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