



Small Biz

## **Vincent Choi, 23; Deborah Umannabuike, 23; Jessica Umannabuike, 21**

Avant Gaudy  
Chicago

"I'm looking to learn how to create a more socially responsible business," says Deborah Umannabuike, a political science major at the University of Chicago and co-founder of Avant Gaudy, an online vintage clothing shop she started with her sister, Jessica, an undergraduate at Hofstra University, in the summer of 2005. The daughters of Nigerian immigrants started the three-employee business because they were passionate about clothes and saw a growing demand among their peers for vintage clothing. And they soon realized that there was a growing demand abroad as well, specifically in parts of Europe, Southeast Asia, and Australia, based on analyzing Web traffic to their site, almost 26,000 visitors from more than 30 countries. The sisters recruited Hong Kong native Vincent Choi to bring a global perspective to the business and better reach shoppers in Asia.

Deborah says running the business has made her want to become a serial entrepreneur, but until she graduates in 2009, she will continue to run it conservatively. She is also involved with the Forte Foundation, a group dedicated to creating young women business leaders, and is interested in continuing community work in the spirit of Avant Gaudy's DIY/Smashup Chicago, a daylong networking and trade-show event she organized in 2006 for craftspeople and entrepreneurs.

## America's Best Young Entrepreneurs 2007

### **Most finalists are banking on the Web, but some have broken into more traditional sectors such as publishing, manufacturing, and investment banking**

by Nick Leiber

The credit crunch (BusinessWeek.com, 10/11/2007) notwithstanding, it's a heady time for young entrepreneurs starting new businesses in the U.S. The Web, a constant in most young Americans' lives, makes it cheaper than ever to get going, there's plenty of encouragement in the form of twentysomething role models such as Facebook's Mark Zuckerberg, and a wide array of entrepreneurship programs (BusinessWeek.com, 10/30/06) are available across the country. Plus, running your own business is considered cooler than ever.

"Millenials in particular want to be able to control their own destinies, and entrepreneurship allows them to do this," says David Galbinski, the chairman-elect of Entrepreneurs' Organization, a 6,600-member networking group for business owners whose businesses' yearly revenues exceed \$1 million. The number of EO members in the 18-to-35-year-old age group has more than tripled since 2001, to 3,356, and Galbinski expects entrepreneurship to become increasingly attractive to young people.

That's also the consensus among this year's crop of finalists in our third annual *BusinessWeek* contest to discover America's most promising young entrepreneurs. This summer, we asked readers to nominate candidates age 25 and under who were running their own companies. Our goal was to find businesses that show potential for growth and establish the talent of the savvy young people behind them.

### **Immigrant Offspring Aim High**

When the call for nominations ended earlier this fall, our editors and reporters sifted through the impressive talent pool and narrowed the selection down to 25 finalists.

We also reached out to last year's finalists to see where they are now and how far each has come over the past year.

Although it's no surprise that most of this year's finalists are building businesses around the Web, a sprinkling has broken into more traditional sectors such as publishing, manufacturing, and investment banking. Bryan Sims, 24, dropped out of college and devoted his energy to developing his startup, Brass Media, into a profitable enterprise after he learned his parents had to file for bankruptcy. Today his company delivers its quarterly print magazine (its mission is to make money relevant to young people) to about 450,000 readers, and Sims says it has been in the black since the beginning of 2006.

Shawn Liu, 25, is the son of Taiwanese immigrants. He watched his father ditch his job at to start an ink business out of the garage. Liu spent two years working at the Federal Reserve before starting a custom shirtmaking business, which he estimates will have revenues of \$1.2 million next year.

### **More Women-Owned Businesses**

Both 24, Francesco DeParis and Kyle Redinger co-founded a boutique investment bank that specializes in mergers-and-acquisitions advice for small tech firms. Redinger says the business has found a niche advising \$10 million to \$20 million deals that traditional Wall Street firms wouldn't normally touch.

Then there are the Web-based ventures. The challenge of getting a restaurant reservation at the last minute was the impetus for Gabriel Erbst, 24, the co-founder of TableXChange, to start his online marketplace for restaurant reservations. The business takes a 12% cut of each transaction and is gaining popularity, though it got its share of criticism from bloggers and local foodies when it launched in June. "We're huge food enthusiasts, so it was great to leave our banking jobs and devote ourselves to this full time," says Erbst. "It's thrilling to be in control."

The biggest differences among this year's nominees compared with last year's? There are more women-owned businesses, a handful had already attracted venture funding, and many were already reporting a profit.

### **From Russia to the Rag Trade**

Receiving more women nominees was encouraging. That's because young women start fewer businesses than their male counterparts, according to the results of a 2006 Global Entrepreneurship Monitor, which showed that the percent of women entrepreneurs starting new businesses was only 7.8%, while the percent of men was 20.4% in the 25- to 34-year-old age group.

Babson College professor and co-director of the group that compiles the annual report, Elaine Allen, PhD, says the discrepancies are due in part to the "socialization effect" in the U.S. "[Women] are just not as aggressive," she says. Allen says the same pattern emerges in the 2007 report, which is set to be released in January, though young entrepreneurs age 18 to 34 continue to start more businesses than any other age group in the U.S.

Sarah Schupp, 25, is one of the finalists who's defying the numbers. Her profitable business, University Parent, produces free, downloadable guides for parents visiting their kids at college. Schupp, who expects revenues of \$800,000 in 2007, attributes her success in part to an innovative publishing model in which her university partners are responsible for content and distribution while she handles advertising.

### **Some Finalists Are Already in the Black**

Another woman forging her own path is Russian native Polina Raygorodskaya, 21, who began her fashion production-services businesses after being approached to produce a fashion event by a contact from her New York modeling days. She now juggles her business with six classes at Babson College and is planning a major event that she claims could shake up the fashion industry and bring in about \$2 million in revenues.

It wasn't surprising that a handful of this year's finalists, who run businesses that range from mobile social networking platforms to online advertising services, had received venture funding before they were nominated. Seed and early stage investing had the strongest quarter since 2001 (BusinessWeek.com, 10/3/07) in both the number of deals and dollars invested, with venture capitalists pumping \$1.6 billion into 378 deals in the second quarter of 2007, according to the quarterly *MoneyTree Report* by PricewaterhouseCoopers and the National Venture Capital Assn.

Finalists already showing a profit were another sign that this year's crop would be worth watching well into the future. Perhaps one of the most impressive is marketing firm Tatto, founded by Lin Miao, 20, and brothers Lee and Lucas Brown, both 23, while students at Babson College with a \$100 investment. According to Miao, Tatto's revenues are \$25 million for 2007 and he expects them to double to \$50 million in 2008.

To get a sense of the enthusiasm, smarts, and resourcefulness of our diverse mix of young entrepreneurs, flip through our slide show of this year's 25 finalists. Be sure to vote for the business you feel holds the most promise. Then check out our slide show on where last year's finalists are now.

Leiber is Small Business editor for BusinessWeek.com .

## **Illinois Institute of Technology's Institute of Design**

### **Chicago, Ill.**

150 graduate students  
Design and Business

### **Partnerships**

**Academic:** IIT's Stuart School of Business.

**Business:** IIT has done consulting work for Kraft, Innovo, and P&G.

**Top Employers:** Doblin, IDEO, Samsung

**Claim to Fame:** Famous alumni include Ilya Prokopoff, co-director of the Transformation Group at IDEO and Ewan Duncan, partner at McKinsey.

**Signature Programs:** A graduate program specializing in user-centric design offers students a dual degree with the business school, teaching business executives to use design strategy to solve corporate challenges.