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For Companies Focused On Expansion, It's time to Re-examine The Business Model.

By MARK MADLER *Staff Reporter*

This year's Fastest Growing Private Companies list reveals the diversity of the San Fernando Valley region's economy.

Among the companies on the list are two auto dealers, three accounting firms and a myriad of information technology, public relations, insurance and brand marketing companies.

The top 10 companies are profiled on the following pages, as well as in a story about some of the Valley's largest fast-growing public companies.

The list is ranked by revenue growth between 2017 and 2019. It does not reflect this year's sales and the impact of the coronavirus outbreak and the recession caused by the pandemic, although the profiles detail how fast-growth companies have dealt with shutdown and stay-at-home orders.

Lloyd Greif, founder and chief executive of Greif & Co., a Los Angeles investment bank, and the founder of the Lloyd Greif Center for Entrepreneurial Studies at USC, said the current economy will breed its share of winners and losers as business models increasingly emerge that are either vulnerable or conducive to the pandemic.

"The ones that are vulnerable are the ones that are all about human density," Greif said. "The ones that are conducive are all about digital marketing and sales, ecommmerce and all things virtual."

Businesses that did well this year either had the benefit of serendipity or resourcefulness and creativity, or a combination of both, Greif said.

"The serendipity is that their pre-existing business model, like Zoom (Video Communications Inc.), was perfect for the time," he added. "And the resourcefulness and creativity is being able to call an audible, like a quarterback coming up to the line of scrimmage and reading the defense and changing the play accordingly."

As an example of a company being resourceful, Greif pointed to Walt Disney Co., the entertainment and media giant in Burbank.

Disney historically has been in businesses focusing on human density, meaning at its theme parks, aboard its cruise ships and in movie theaters showing its films.

But last month, the company announced a reorganization to focus on developing and producing original content for its streaming services as well as for legacy platforms. Disney streaming services include Disney+, Hulu and ESPN+.

"All of their investments in theme parks, cruise ships, and theatrical releases have gone for naught during this pandemic," Greif said. "Instead of assets, they are now liabilities."

But for Disney, Greif said, the announcement on the restructuring of its entertainment and distribution businesses should have come months earlier than it did.

After all, Disney is a cruise ship and not a speedboat – not able to maneuver as quickly as some of the smaller companies on the Business Journal's list.

"Disney is a little late in fine-tuning its model," Greif continued. "They still need to hone it further to be even more tightly focused on virtual entertainment, more focused on streaming and less focused on their legacy businesses."