

B.E. 100s 31st • annual report on black business

B.E. INDUSTRIAL/SERVICE 100
companies seek to grow earnings
by battering down the hatches

operating in rough waters

BY DEREK T. DINGLE

For the captains who helmed America's largest black-owned businesses, managing those businesses in 2002 was like navigating a vessel in an unmerciful storm. Their companies were rocked by crashing waves of hammering forces: a choppy economy, soggy business and consumer confidence, rising oil prices, and the uncertainty—and then painful realization—of Gulf War II. These developments capsized some companies. Others were pushed off course, propelled toward treacherous waters with no safe harbor in sight.

Despite the challenges, one characteristic has always exemplified the skippers of the BE INDUSTRIAL/SERVICE 100: resilience. Applying innovation, focus, and a boatload of determination, a number of companies not only stayed afloat but set sail to new opportunities and areas of profitability. Many companies had to batten down the hatches, getting as much as they could out of every employee and every cent. Other companies saw the flagging economy as an opportunity to chuck the deadwood by selling poorly performing assets, or as an opportunity to soup up their operations with strategic alliances and new products and processes.



INNOLOG
INNOVATIVE LOGISTICS TECHNIQUES, INC.
www.innolog.com
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Top 5 Growth Leaders

Company	Location	2002 Sales*	2001 Sales*	% Increase
Innovative Logistics (INNOLOG)	McLean, VA	94,000	36,000	161.11
The Heritage Networks	New York, NY	61,500	30,500	101.64
RLJ Development L.L.C.	Bethesda, MD	49,400	25,100	96.81
McNeil Technologies Inc.	Springfield, VA	38,000	25,560	48.67
Wilson Office Interiors	Carrollton, TX	57,000	40,000	42.50

*IN MILLIONS OF DOLLARS, TO THE NEAREST THOUSANDTH, AS OF DEC. 31, 2002. PREPARED BY B.E. RESEARCH. REVIEWED BY THE CERTIFIED PUBLIC ACCOUNTING FIRM EDWARDS & CO.

PROFITING FROM HOMELAND SECURITY

The war on terrorism and the conflict with Iraq have torpedoed a wide cross section of American business—and the BE 100s have not been excluded. Although the wartime economy has sapped consumer confidence and created skittish corporate purchasing departments, it has stoked federal government spending, from aviation to defense, to create a terrorist-proof America. As a result, a number of companies have benefited from the Bush administration's expansive plans for homeland security.

One such entity has been Innovative Logistics Techniques Inc. (INNOLOG) in McLean, Virginia. Rocketing from \$36 million to \$94 million—a stunning 161% sales increase that propelled it from No. 75 to No. 39 on the BE INDUSTRIAL/SERVICE 100 list—the technical engineering firm was tapped as a subcontractor by Lockheed Martin to help develop the infrastructure of the recently formed Homeland

Security Agency. The size of INNOLOG's mammoth six-month contract: \$65 million.

Hurt by the recession in the first half of 2002, INNOLOG was forced to fire 10% of its workforce. The company made an about-face in June when Lockheed Martin, a long-time INNOLOG client, won the contract to federalize airport security personnel. This operation was part of the Strategic Airport Security Rollout (SASR)—a response to the Sept. 11 terrorist attacks—which was mandated by President George W. Bush and Congress. Lockheed Martin brought in INNOLOG to assist in the deployment of federal workers who would screen passengers and baggage at 429 airports nationwide.

Due to the proceeds from the contract, which ended in December, INNOLOG is flush with cash and currently looking at acquisitions as a means of expanding its core competencies and revenue sources.