

# America's Best Small Public Companies

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*I cover sports business with rare dips in education & local economies*

Gallery

## The Top 25 Small Companies In America

**Launch Gallery**

25 images

The last five years have been a traumatic one for American businesses, which lived through the Great Recession that kicked off at the end of 2007. Companies have dealt with sluggish GDP growth and rising unemployment. But the most nimble companies have thrived during this time, and they

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span all sectors of the economy from aerospace to auto parts to retail. The companies that met the challenge qualified for Forbes' 35<sup>th</sup> annual list of America's Best Small Companies.

Our top 100 highlights public companies with sales under \$1 billion. They are ranked based on return on equity, sales growth and earnings growth over the past year, as well as the past five years. We also factored in stock performance versus each company's peer group during the last 12 months (click [here](#) for a detailed methodology).

Eleven health care companies made the cut, led by No. 1 ranked [Questcor Pharmaceuticals QCOR +%](#). The company's main drug, Acthar, accounted for most of its \$621 million in sales. The drug came to market in 1952 and today is FDA-approved for 19 conditions including multiple sclerosis, infantile spasms and rheumatic disorders.

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Questcor, headquartered in Anaheim Hills, Calif., ranked first in 2011, as well, and continues to generate remarkable growth. Sales were up 81% in the latest 12-months and 51% annually over the past five years. The company has increased its size (by sales) eight-fold since 2009. The company was also the top-performing stock on our list, up 219% in the 12 months ending Oct. 1.

Questcor is putting its money to work with clinical trials in the works for Acthar relating to Lupus and Idiopathic Membranous Nephropathy in the works. The company is also planning an international expansion for the first time. Analysts expect EPS to hit \$5.50 next year, resulting in a 2014 price-earnings multiple of 10 based on a recent stock price of \$55.

The top-ranked newcomer on the list is No. 3 ranked [Proto Labs PRLB +1.81%](#), which is a technology enabled quick turn manufacturer of custom parts for its customers. "Real Parts, Really Fast" is its slogan. The Maple Plain, Minn.-based firm went public in April, 2012—making it eligible for our 100 Best for the first time. Earnings per share are up 51% annually the past five years and sales have jumped 30% per year. (see "[Meet The Freshman](#)" for more of this year's newcomers )

The stocks of last year's best 100 companies rose 32% on average, or three percentage points better than the Russell 2000 small cap index. Top performers included Fleetcor Technologies, [Lumber Liquidators LL +%](#) and [Boston Beer SAM +0.38%](#), which all returned at least 125%. The endgame and financial upside for many of these companies is a buyout at the hands of a bigger firm or private equity shop. Five of the 2012 Best Small Companies were acquired including [True Religion Apparel TRLG +%](#) and [Ancestry.com ACOM +%](#). Mortgage software company [Ellie Mae ELLI -0.49%](#) went public in 2011, but is already looking for an exit. It ranks No. 34 this year and recently hired Morgan Stanley to sell the company, according to Reuters. The company would not comment on the report.

If not a buyout, the goal for these companies should be to grow off our small companies list. Seven companies, including [Buffalo Wild Wings BWLD +0.68%](#), took the step last year and crossed the \$1 billion-in-sales threshold (see more on the drop-offs [here](#)). They can look to a regular on our list from the early 1990s for inspiration. [Cisco Systems CSCO -0.81%](#) made three straight appearances before outgrowing the Forbes list on its way to its current sales of \$49 billion.

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