



December 25, 2003

Local Company Snags Place On Inc. 500 List

When Steve Sarowitz, CEO of Elk Grove Village-based Paylocity Corp., turned 38 last month, he observed the occasion in a unique fashion.

"I had an Inc. 500 birthday party," the Highland Park resident said. "It was my best birthday ever."

Sarowitz had much to celebrate. The independent payroll service company he founded in 1997 had just appeared in Inc. magazine's list of "America's 500 Fastest Growing Private Companies." In years past, this honor had been bestowed on companies captained by now famous industry giants, including Bill Gates.

This year's 2003 special edition Inc. magazine, released in October, ranked Paylocity at number 105.

Paylocity began modestly, with a few staff members working out of a small basement office in Des Plaines. Today the 60-employee company occupies 94,000 square feet of office space and serves 1,500 clients, including the Lincoln Park Zoo, the Salvation Army and Lou Malnati's. Sarowitz forecasts nearly \$6 million in revenues this year, up from \$4.1 million in 2002. He opened a second office in Milwaukee in September.

The company handles clients' employee paychecks, direct deposits and tax filings. Clients say Paylocity offers features which sets it apart from some larger payroll services.

"Steve's system offers a package with various reports that were standard, and it was just the kind of reporting we needed," said Tom Collins of Elk Grove Plating, who said he switched to Paylocity because the previous payroll service charged him separately for some reports he requested.

Paylocity also tailors computer programs to suit a customer's needs.

"After looking at the software he has, we were very impressed. It's the most fantastic software for payroll that I've ever seen," said Joan Glover, human resources manager and finance manager of the Illinois CPA Society, Chicago.

Glover also appreciates Paylocity's level of customer service. "When I call, I get help. I don't get the run around," she said.

Sarowitz outlines his entire business philosophy with just five words: "Happy clients and happy employees. It's very simple."

"He says that all the time and he means it," said Jenifer Page, Paylocity's vice president of operations and one of the company's first staff members. "It's a great environment. He's rather an inspiration. He leads by example." "You can sense attitudes over the phone," said client Tom Collins. "You can tell if someone is having a bad day and apparently no one over there ever has a bad day."

The staff's lack of bad days may be the result of perks including profit sharing, a 4 percent 401K matching program, a casual office atmosphere and what Sarowitz describes as an open-door policy. The staff also participates in team-building outings a few times each year. Recently, one third of the employees signed on for the Chase Corporate Challenge, a 3-mile run in Chicago.

Not all of Sarowitz's business ventures have met with success. Using a model he developed earlier in a University of Illinois entrepreneurial class, he opened a Chinese restaurant at age 25. "I wanted to be like Domino's Pizza, but with Chinese food," he said.

He worked seven days and six nights a week at the take-out and delivery restaurant, Ying Yang's Orient Express in Evanston.

"I ended up doing it four years after (the entrepreneurial class) — and lost all my money. But that's OK. I survived and that's what mattered. And I learned," he said. "I learned how NOT to manage a company. I learned to delegate. I learned also that you need to understand your business."

Sarowitz's past employment fostered his understanding of the payroll business. He worked at three different payroll services and cites Ted Olsen, his former boss at a California-based payroll software company, for providing guidance and support. "It

was just a fine place to work, and he was someone I wanted to emulate,” he said. “He’s been my friend and mentor for years and he has given me tremendous advice.”

Sarowitz later discovered that perhaps the payroll business was in his genes as well, when he learned his grandfather had worked in this field.

A husband and father of twin babies, Sarowitz describes his family as “the most important thing in the world.” And while driven to succeed in his business, he maintains that it’s not all about the money.

“My passion is to run the company the best way I know how, and I think the profits will follow,” he said.