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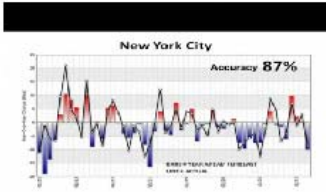
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#5 Weather Trends International


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New York City
Accuracy: 87%


Company Vitals
Uses complex statistical algorithms to forecast temperature, precipitation and snowfall by the day and season for the year ahead. Based on those predictions, it also advises companies on what to buy and when to buy it. Charges subscription fees, from \$50,000 to \$200,000, depending on the amount of data and scope of consulting services.

Location: Bethlehem, Pa.
Industry: Weather forecasting
Number of Employees: 14
2008 Revenue: \$2.5 million
Founding Date: 2006



William Kirk, Founder, 42
Former captain in the U.S. Air Force, with a B.S. in meteorology. Launched Weather By Design, a forecasting company, but later closed it to work for a competitor. His second attempt is backed by \$4.5 million from Kodiak Venture Partners.

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America's Most Promising Companies

Ten Questions For Weather Trends International

09.16.09, 06:00 PM EDT

Secrets of one of America's Most Promising Companies.

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As told to Forbes by William Kirk, founder of Weather Trends International

What is the hardest challenge your company has faced to date? Have you overcome it? If so, specifically how?

Building a business based on long-range/year-ahead weather forecasting where skepticism was the major hurdle in the retail, CPG and commodity sectors. In our initial meetings with prospective clients, there is always someone who thinks, "If the weatherman on TV can't get tomorrow's forecast correct, how does Weather Trends get it right one year from now?" While skepticism remains a hurdle, it's a lot easier today than it was when we started six years ago, as now we have a marquee list of clients that have renewed at the rate of 94% over the past six years. This list reads like a who's who, with Wal-Mart, Target, Kohl's, Anheuser-Busch, SC Johnson, Johnson & Johnson, JPMorgan and 140 others. Once clients experience the value and ROIs in the \$1 million to \$130 million range using our highly accurate,

statistically based forecasts, we have been able to turn skeptics into "evangelists." That reputation of highly accurate, actionable forecasts and business intelligence makes it less challenging today.

Which company/entrepreneur do you model your business after and why?

Actually, there are two. Bill Gates is the entrepreneur I personally admire most. Bill Gates didn't set out to become the richest man in the world, but rather to simply put a computer in every home to benefit society at large. Bill Gates continues his philanthropic ways to help improve the quality of life for millions of people. We too believe that our year-ahead forecasting technology can be as valuable to just about all of the world's 6 billion inhabitants when it comes to forecasting diseases like malaria, [food production](#), planning a wedding or making more financially sound business decisions.

From a company perspective, I admire John Coleman, who founded the Weather Channel. Many thought he was crazy when he dreamed of a 24-hour weather channel, but it became the biggest first billion-dollar weather company in the world. We too face doubters from the business and academic community that say what we do is impossible, but we remind them that no one pays 50K to 200K a year for long-range weather if it's not consistently accurate and actionable with significant ROI.

Asking 14 very talented individuals in some cases to uproot their families, leave the job security of their previous employment and believe that Weather Trends International can become something truly special if we all share a contagious passion for something much bigger. Having them take a chance on me and WTI reaffirmed what I was taught as a young captain in the [United States Air Force](#). "Leadership and respect is not given to you by your title or position but rather earned by your actions to help others succeed for the collective good of all."

How many hours a week do you work? What takes up the most time? What do you wish you had more time to do?

I work about 55 hours/week, not counting the "extra" hours I work at home addressing client e-mails and calls. In a small company, you may have the title of CEO, but that also means part-time duties in just about everything else: sales, marketing, public relations, finance, operations, client support, HR, etc. Tactical day-to-day challenges of running a small, profitable business in a very challenging economic climate doesn't leave much time for thinking about the business strategically. Often this strategic thinking and planning is left for late nights, weekends and shortened vacations.

What is the best part about being an entrepreneur? The worst?

The best part of being an entrepreneur is sharing your vision and excitement for the future and seeing that manifested in the contagious passion of your employees. The worst? Reminding yourself everyday that patience is a virtue!

Are you currently looking for funding? If so, how much and for what purposes, specifically?

Yes, a round B investment is underway. We are seeking between \$3 and \$6 million dollars to integrate our core technology into global retail planning optimization systems with a secondary focus in the financial services-commodity trading sectors. Our use of proceeds is to expand the team with five additional retail business

development experts (C-level, SVP and VP level) and four commodity-trading quant/programmers to automate the 14 tradable commodity models we've built that show a strong weather influence.

Are you hiring and specifically for what areas?

We just hired two operational business meteorologists and a director of global sales and marketing. Contingent upon funding, we are looking to hire an additional nine industry leaders that are passionate about what they do, with solution-selling experience in retail platforms like Oracle, JDA and SAP and commodity/equity traders, quant modelers and programmers.

What uncommonly good advice do you have for aspiring entrepreneurs?

I have been told one too many times by so-called "experts" that you can't love your business--I disagree! To be successful in your endeavor, you must have an unrelenting contagious passion for what you do surrounded by people who share your vision. Visualize your goals everyday and believe without a doubt they will come true, and it will!

What is your ultimate goal (to change the world, to go public, to put your kids in business, etc.)?

[Mark Twain](#) has often been quoted as saying, "Everybody talks about the weather, but nobody does anything about it." Weather Trends is doing something about it by making long-range weather planning in retail and commodity sectors a vital component in the strategic planning process. But soon our technology will be far reaching with applications in global food production, humanitarian relief planning, alternative energy, military strategy timing, disease (malaria, upper respiratory ailments, allergy, etc.) applications, cap-and-trade carbon footprint forecasts to buy when demand is low, wedding/event planning, or simply planning your next backyard BBQ with a little less weather risk so you can say you did something about the weather rather than just talk about it.

What specifically did you learn about your business from taking the America's Most Promising Companies survey?

It reminded me the importance of making time on a regular basis to think and rethink about the business strategically and not be so consumed by the day-to-day tactical challenges. The 71 pages of documentation we provided for America's Most Promising Company was well worth the effort as it allowed me to see how a VC looks at our business with a critical eye and determine what separates the best companies in America from the rest.

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America's Most Promising Companies

Fancy Forecasting

Miriam Marcus, 07.09.09, 4:15 PM ET

Say you are a retailer, and June is nigh. Time to stock up on T-shirts, barbecue supplies and air conditioners. But what if it turns out to be one of the coldest, rainiest summers in decades? You could end up writing off a huge pile of inventory.

Bill Kirk, co-founder and chief executive of Bethlehem, Pa.-based Weather Trends International, aims to take the guesswork out of business forecasting. Incorporated in 2006, Weather Trends International has developed a statistical algorithm--based on historical data and three dozen local factors across the globe (such as elevation, vegetation and proximity to oceans or lakes)--that forecasts precipitation, temperature and snowfall by the day, week, month and season for the year ahead. That kind of visibility goes a long way when figuring out whether to stock more long-sleeve hoodies or cargo shorts.

Weather Trends, now with 16 employees, not only forecasts the weather for a given location, it advises companies on what to buy and when to buy it. Competitors such as Accu-Weather, the U.S. government or weather.com do forecasting too. The difference, Kirk says, is that Weather Trends offers long-range weather forecasting, and on a global scale: "The real value is about [predicting a] trend, so retailers can prepare in a granular way."

[Is yours one of America's Most Promising Companies? Take our survey and find out.](#)

How accurate are the forecasts? In one example, Weather Trends told a large U.S. discount retailer that spring 2005 would be the coldest spring in 20 years, followed by one of the warmest summers in decades. Recommendation: Buy up every air conditioner it could find. Meanwhile, rivals such as Home Depot, Lowes and Sears Holdings waffled on their own orders. That summer turned out to be the 10th hottest in a century, generating some \$100 million in additional sales for Weather Trends' client.

Smaller companies can benefit too. Weather Trends' year-ahead snowfall forecast for last winter in Chicago indicated a warm end to an otherwise snowy season. Based on Weather Trends' advice, Winter Services in nearby Milwaukee staffed up and stocked up on ice-melt early on, when the drifts were high, but tapered its salt purchases as the weeks wore on. Such planning proved a \$130,000 win for the small Winter Services, in terms of capturing extra business and reduced inventory, says Kirk.

Potential market for this technology: up to \$5 billion, if you include retailers, vendors, consultants, financial analysts and money-management firms. Even individual consumers may one day get in on the act: Depending on how Congress works out the kinks to proposed [cap-and-trade](#) laws, households may

have the opportunity to lock in a price on carbon credits during milder months when those credits are relatively cheap.

Weather Trends charges an annual subscription fee--anywhere from \$50,000 to \$200,000--for its data and consulting services, based on the level of service. While skepticism remains (plenty of people still think weather guidance is "hocus pocus," says Kirk), large clients have lined up, including Wal-Mart Stores, Ben and Jerry's, Black and Decker and Loblaws, a leading grocery chain in Canada.

Before launching Weather Trends, "Captain" Kirk was a captain in the U.S. Air Force, with a B.S. in meteorology. He rustled up \$1 million from Waltham, Mass.-based Kodiak Venture Partners, to go along with the \$900,000 that he and co-founder Jack Grum, former owner of a transcription service, plowed in.

Kirk expects revenue of \$5 to \$6 million in 2009. He says Weather Trends now turns a profit on a cash basis and will break even on its original investment later this year. To hit his heady goal of \$100 million in annual sales by 2014, Kirk says the company needs an additional \$4 million to \$10 million to hire expensive experts in specific industries.

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