

SECOND-STAGE ROCKSTARS

This series of articles looks at how second-stage entrepreneurs are contributing to the economy, improving their communities, transforming their industries and creating innovative workplaces. *By TJ Becker*

Primed for growth: nLogic

A rising star among government contractors, nLogic is helping design defense systems that protect the United States from foreign missile threats and space shuttles that will take astronauts to Mars and beyond.

A provider of engineering and technology services, the Huntsville, Alabama-based nLogic evolved from a subsidiary of Torch Technologies after a tightening of federal rules regarding conflict of interest. “Our parent company provided advisory R&D support to government agencies, whereas Torch Systems [the subsidiary] built systems for prime contractors,” explains Tim Thornton, nLogic’s CEO. “Being a subsidiary once counted as a sufficient firewall, but new regulations changed that.”



Last year’s ribbon-cutting ceremony in front of nLogic’s new corporate headquarters in Cummings Research Park.

Thornton led an employee buyout in 2009, and Torch Systems became nLogic, with about 20 employees and \$5 million in annual revenue at its launch. Since then nLogic has more than quadrupled its staff to 90 and grown annual revenue to more than \$15 million. The company has also expanded geographically, opening offices in Virginia, California, Alaska, Colorado and Tennessee. In addition, it expanded its headquarters in Huntsville, moving to a larger facility in Cummings Research Park in July 2014.

Being a government contractor has unique challenges, especially in recent years, due to budget cutbacks, program terminations, sequestrations and furloughs. “It’s been a very volatile period, and a lot of our competitors have declined,” Thornton says. “In fact, the catch phrase in our industry has been: ‘Flat is the new growth.’”

Yet nLogic has not only survived but thrived, due partly to its ability to win more prime contracts. In the last two years, prime contracts have moved from 5 percent of nLogic’s revenue to 25 percent — including a major project with the Department of Defense to provide network services to commissaries on every base throughout the world.

“Being a prime contractor involves more risk and responsibility, but it’s the only way to scale,” says Thornton, who aims to hit \$50 million in annual revenue by 2019, with prime contracts representing 75 percent of nLogic’s work.

Although working for Uncle Sam involves razor-thin profit margins and abundant red tape, there’s also an

upside: the opportunity to work on high-profile projects. “It’s pretty exciting to help develop and deploy some of the most technologically challenging systems in the aerospace and defense industry,” Thornton says. Among these are:

- NASA’s Space Launch System, an advanced rocket designed for deep space exploration.
- The Ground-based Midcourse Defense system, the country’s first operationally deployed system for detecting and intercepting long-range ballistic missiles.
- An integrated air and missile system for the U.S. Army that allows different sensors and shooters to pair together on the battlefield to increase defense abilities and prevent fratricide issues.

Thornton believes that one of the keys to nLogic’s success is its employee-centric culture. In addition to a generous fringe benefits package, the company has both employee and incentive stock ownership plans. “Employee ownership is a win-win-win situation for our staff, the company and our customers,” says Thornton. “The more committed employees are to nLogic, the harder they work to satisfy customers, which makes the company more successful and increases profits, which they share in.”

Although many rivals have cut back on employee benefits to save money, nLogic has remained competitive by what Thornton calls “leaning out”—keeping facilities modest, careful monitoring of expenditures and budgets, and not hiring a lot of administrative people. “Rather than hiring a lot of specialists, we have a cross-trained team, so our folks are very agile,” he explains.

Underscoring its growth and commitment to quality, nLogic has a long list of accolades. Among these are: Huntsville/Madison County Chamber of Commerce 2014 Small Business of the Year winner, Better Business Bureau 2014 Marketplace Ethics Award winner, Boeing Performance Excellence Award for six straight years, a Performance Excellence Award from Northrop Grumman in 2012, and being on the Inc. 5000 list of fastest-growing private companies in America for five straight years. It also has been recognized for its employee-centric culture, including being named by Principal Financial as one of the “10 Best Companies for Employee Financial Security” — a national award based on an independent panel of experts from the employee benefits and human resources industry.

The company also stands out for its community and philanthropic involvement. In 2010 it established nLogic nAbles, a 501(c)3 non-profit organization that provides grants to local charities. The grants are completely funded by employees, who select the recipients. Since 2011 nLogic nAbles has distributed more than \$47,500 to needy individuals.

In addition, nLogic has given more than \$35,000 in donations from its corporate coffers to various local charities during the past three years. “It’s important that the company contribute to the community, as well as encouraging our employees to do so,” Thornton says. “Corporate and social responsibility is engrained into our DNA. Our yardstick for success is measured by whether our employees, customers, vendors and community partners are better off for having worked with us.”