

Robert Donat, Founder and CEO, GPS Insight



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Robert Donat stumbled onto his “big idea” somewhat unexpectedly. Following a stint in the Army and a long career in hedge funds, he was looking for a new job after his family relocated to Scottsdale, Arizona. A friend made an introduction, and soon Donat was applying the skills he’d learned as an artillery officer to help a local trucking business find the ideal fleet tracking product. After looking at five systems that were on the market at the time, he decided he could do it better.

Just ten years after that fortuitous 2004 decision, the hardware/software fleet tracking solution that Donat built from that one-time gig is a leader in its space. The company, GPS Insight, has placed on Inc. Magazine’s “5,000” list of the fastest growing companies in America every year since 2009, and has been showered with awards including the TechAmerica Terman, the Deloitte Fast 500, and the Global 100. By 2014 GPS Insight was not only completely debt free, but also on track to achieve \$100 million in cumulative revenue.

Yet the road hasn’t been easy, and Donat still considers his venture a startup. “Every sale has to be earned from knocking on a (virtual) door or meeting at a conference, and our sales cycle ranges from 90 days (typical) to two years,” he says. It took some creativity (and serious faith in the idea) to build out and pay for the infrastructure he needed. He sold a company he was part owner of, took out \$150,000 in bank loans, and secured an additional \$200,000 from an outside investor. The company did not become profitable until it had approached \$2 million in cumulative losses. Donat explains, “We were creative about doing the most with as little as possible, and entered many obscenely expensive (18% – 22%) leases purchasing computer hardware since it was the only way to get money. We even leased three copiers at double their cost over five years in order to get a \$30,000 ‘rebate’ up front, which helped us make payroll in year three.”

Yet within 18 months of becoming profitable, the company was able to pay back the money borrowed, and then some. “There was no formal business plan,” Donat adds. “I just saw the potential for growth and knew that if I threw resources at the company’s growth, it would pay off, given the high return on investment to customers and the recurring revenue model, which ultimately became very lucrative.”

Robert Donat holds a bachelor’s degree in finance, plus two master’s degrees: one in finance and one in computer science. For the Army, he went through officer’s school—twice. He honed his real-world business skills working for companies like the Citadel Investment Group LLC as manager of database technology. Cumulatively, he believes his robust resume and knowledge base have been key résumé success. To budding entrepreneurs, his advice is: “Wait until you have some solid skills and experience in paid positions for others before thinking you can do something on your own with a high likelihood of success. I learned a number of very costly technical and business lessons when working for other companies either as an employee or a contractor. Only after roughly six years of experience did I start consulting, and after four years of consulting, I was ready to start my own company. Any earlier than that and I wouldn’t have had the experience, maturity, business and technical knowledge, or savings, to make this company work.”

Critical Thinking Questions

1. In what ways do you see mindset, or mental attitude, playing a role in Robert Donat’s success?
2. If you had been at the helm of GPS Insight when it was approaching \$2 million in cumulative losses, would you have decided to continue in business? What information would you have needed to know in order to decide one way or the other?
3. Do you agree that a budding entrepreneur should wait and accumulate experience working for others before starting an entrepreneurial venture? Why or why not?