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#1 in Entrepreneurial Education
- The Princeton Review and Entrepreneur Magazine

Stephen M. Ross School of Business at the University of Michigan
Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies
Message from Samuel Zell  
Chairman, Equity Group Investments

When we started the Samuel Zell and Robert H. Lurie Institute For Entrepreneurial Studies 14 years ago, my goal was to build the best entrepreneurial program in the country. The fact that we have achieved that goal is tremendous.

The Institute's top ranking by the Princeton Review and Entrepreneur Magazine is a testament to the University of Michigan – from its ability to establish and grow a pioneering program with the support of its faculty to its success in drawing highly talented students. An important driver behind the Institute's success and longevity is the assemblage of outstanding individuals on the Zell Lurie Institute Advisory Board who contribute their time, expertise and sponsorship. They are an extraordinary resource, and our Institute would not be where it is today without them.

Our vision for the Institute materialized under the exceptional stewardship of Executive Director Tom Kinnear. He has fostered the spread of the Institute's mission throughout the U-M campus and served as an ambassador by enlisting the support of the venture capital business community. Tom has participated in our efforts to find his successor, and I have been very engaged in the process as well. Stewart Thornhill, our new executive director, begins on September 1. This leadership transition is proceeding smoothly with Tom's support and ongoing commitment to assist us in the future. In coming months, Stewart will delineate a strategic direction for the Zell Lurie Institute and provide the leadership to carry it forward.

As a benefactor and long-term investor in U-M's Zell Lurie Institute and Zell Law And Entrepreneurship program at the U-M Law School, I am a firm believer that entrepreneurship serves as the economic engine of this country. The risk to our country’s future is that we could lose sight of this thesis. Therefore, my efforts — past, present and future — at U-M and other academic institutions are dedicated to reinvigorating that premise and inculcating young people who will perpetuate it and, hopefully, keep our country moving in the right direction.

Message from Alison Davis-Blake  
Edward J. Frey Dean, Ross Professor of Business

In today's changing and competitive world, much of the economy's growth is coming from forward-thinking entrepreneurs. Whether applied in a dynamic start-up or new business venture within a larger corporation, the skills to bring innovative products to market quickly and reliably are in high demand.

The entrepreneurship education we offer through the Zell Lurie Institute excels in preparing our students to be entrepreneurial leaders around the globe. In fact, we are recognized as one of the preeminent programs for entrepreneurship in the world.

Our innovative approach to teaching entrepreneurship, coupled with our cross-campus collaborations, distinguishes us from other institutions. We engage our award-winning faculty from entrepreneurial studies, business, law, engineering, and other disciplines, as well as alumni who impart their unique perspectives and experiences. Because of highly personalized attention from their professors and one-on-one guidance from their mentors, our students develop the advanced business expertise required to bring high-potential, new products and services to market successfully.

Our commitment to action-based learning also differentiates Ross in the world of entrepreneurship education. At Ross and Zell Lurie, students have a variety of curricular and extracurricular programs, such as Dare to Dream, Gani internships, three student-led investment funds focused on different kinds of entrepreneurial opportunities, and the Michigan Business Challenge. In the classroom students apply concepts learned in real-time to launch start-up ventures, work in entrepreneurial business settings, and pursue investment fund activities. In the process, they learn how to evaluate competitive landscapes, calculate risks, work through feasibility and funding issues, explore marketing options, and assess operational and scalability concerns.

Innovation and change driven through entrepreneurial endeavors are gaining greater importance around the world. Entrepreneurial firms are not only an important source of innovative products and services, but they are also a critical engine of job creation and economic development. Becoming a successful entrepreneur is one of the many ways our students and graduates can make a positive difference in the world, and, therefore, we will continue building on the already strong entrepreneurship programming at the Ross School and the Zell Lurie Institute.
Message from Thomas C. Kinnear

Executive Director Emeritus

Fourteen years ago, the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies set out to build a scalable entrepreneurship-education model that would allow Ross School of Business and other University of Michigan students to have a wondrous experience in developing their entrepreneurial acumen and hands-on abilities, and to leave with a strong capability in entrepreneurship. Our co-founding benefactors, Sam Zell and Ann Lurie, quoted the famous Chicago architect Daniel Burnham by directing us to make “no small plans…make big plans.” Of course, all involved with the Institute are excited to note our success in achieving that vision was validated recently. The Princeton Review and Entrepreneur Magazine ranked the Ross School and the Institute as the nation’s No. 1 Graduate Program in Entrepreneurship.

From the beginning days of the Institute, we have taken a rigorous academic, streetwise and community-engagement view of entrepreneurship. This eclectic and pragmatic approach has provided a strong foundation for building out and scaling our comprehensive curriculum and experiential programs. Over the years, we have created a set of entrepreneurial-studies courses, co-curricular activities and extracurricular programs that teach our students the fundamental principles of entrepreneurial business and allow them to put theory into practice by launching new ventures and investing real financial capital in real companies. To bring the outside world inside the Institute, we have recruited experienced entrepreneurs as adjuncts and lecturers in entrepreneurial studies and engaged our alumni to serve as mentors, judges, advisors and internship hosts. Finally, we have reached out to the entrepreneurial community and become an integral part of the broader entrepreneurial ecosystem. Concurrently, through our relationship with the Office of Technology Transfer, we have been able to be part of some of the commercialization of University research and the launching of spin-out companies. In addition, through the Institute's participation in State of Michigan initiatives we have helped bolster statewide efforts to spur innovation and accelerate economic development through entrepreneurship.

The Institute’s major strength, and a key driver behind its success, has been our culture of experimentation and innovation. We have been willing to try new things and incorporate them into our model if they worked or modify them to make them better. Among the Institute’s many highlights, we have launched three student-led investment funds, extended the Michigan Business Challenge to the entire campus, helped to establish the Center for Entrepreneurship at the College of Engineering, and expanded the Gani Summer Internship and Dare to Dream grant programs. All this has been accomplished thanks to the generous support from our co-founding benefactors, Sam Zell and Ann Lurie, and more than 25 other significant donors, and the time freely given to the Institute and our students by many volunteers and mentors.

Over the last 14 years, in the broader world, there have been bumps in the entrepreneurial road, including the tech bubble, the biotech bubble and the growth and collapse of some of the financial intermediaries that drive venturing. The Institute has had to make some adjustments to our teaching and guidance, but the underpinnings of how to structure, finance, grow and invest in a business have not changed. In coming years, the Institute will continue to pioneer new initiatives that accelerate business launch, deepen community outreach, expand faculty recruitment and extend our presence in entrepreneurial hotspots.

For me, the most fulfilling part of my 14 years at the Institute has been the opportunity to work with creative, bright young people who are exploring their entrepreneurial interests and have lots of new ideas, but lack experience in creating and launching a business. It has been a thrill for me to be part of the team that has guided them, to see them do well and, ultimately, to change their lives. As I step down as executive director and return to teaching full-time, I look forward to helping the Institute shape the next generation of serial entrepreneurs, venture investors and corporate intrapreneurs. After all, that’s why we’re all here.
As the new executive director of the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies at the Ross School of Business, I look forward to working with talented staff and faculty in an Institute that has earned a top-level national reputation for excellence in entrepreneurship education and has gained the respect and support of the state of Michigan’s entrepreneurial and venture investment community. Credit for this remarkable success goes to Tom Kinnear, who has demonstrated exemplary leadership as executive director over the past 14 years, and, more broadly, to the Institute’s co-benefactors Sam Zell and Ann Lurie, and to the many donors, Advisory Board members and volunteers, who have bought powerful vision, experience and influence to the Institute’s programs.

I was attracted to the Zell Lurie Institute by its proven track record as one of the world’s best places to study, learn and work in an entrepreneurial setting, and by the opportunity to be surrounded by smart, ambitious, hardworking faculty, staff and students. What strikes me most about the Institute is its willingness to experiment — to try new approaches, to make mistakes, to fine-tune initiatives and, ultimately, to find innovative ways to do things better. This try-fail-learn, try-succeed-learn sequence is the same iterative process we teach student entrepreneurs. At the Zell Lurie Institute, however, this is not just classroom theory — it is the way business is done here. This culture of experimentation sets the Institute apart from its peers at other universities, and I’m very excited to become part of it.

Another advantage I see at the Zell Lurie Institute — an advantage that no other institute in the world has — is the University of Michigan, a $1.3 billion research and development powerhouse with centers of excellence in many different disciplines, among them business, engineering, law and medicine. The potential for leveraging the multidisciplinary talent across campus is enormous and offers a broad collaborative platform for commercializing research discoveries, spinning out start-ups with cutting-edge technologies and investing in high-growth, high-performance emerging companies.

What I hope to impart to the Zell Lurie Institute through my leadership is a very practical and pragmatic approach to academics. I try to put theory into practice by conducting research in strategy and entrepreneurship and collaborating with tier-one academics but also spending my time in business, working with young entrepreneurs, start-ups and investors. I live in both of those worlds. Before coming to the Ross School, I taught strategy and entrepreneurship at the Richard Ivey School of Business at Western University in London, Ontario, Canada. There, I served as executive director of the Pierre L. Morrissette Institute for Entrepreneurship for five years and coached leading entrepreneurs through the QuantumShift Executive Development Program. I also helped top executives at major corporations retool their entrepreneurial skills as faculty director for the Maple Leaf Leadership Academy, Industry Canada’s Executive Learning Initiative, and the ATCO Strategic Leadership Program. In addition, I extended the reach of my teaching around the globe through my various professorial roles in Hong Kong, Buenos Aires, Paris and Bremen, Germany.

To augment my classroom teaching and coaching, I bring first-hand knowledge of entrepreneurship and venture investment. My undergraduate background is in mechanical engineering, and before entering graduate school at the University of British Columbia, I worked in industry for five years. On the side, I launched my own entrepreneurial company, which was a great learning experience. I have put my own money on the line by making personal angel investments in new business ventures. Finally, I have served as an advisor and board member at a number of start-ups. I continue to be involved in these different aspects of entrepreneurship in order to keep my entrepreneurial instincts sharp and my teaching current.

My guiding vision of entrepreneurship education centers around three major components: technical skills, self-confidence and a networking ecosystem. First, I believe it is critical to impart lessons-learned about what makes some businesses more likely to succeed, and then prepare students by giving them the technical skills to find the right opportunity and launch a successful venture. Second, I think we need to help students gain the self-confidence to seize that opportunity and take a chance. This confidence building may require giving them a gentle nudge and instilling a mindset that they can achieve their entrepreneurial goals if they apply themselves. Finally, it is important to create an entrepreneurial ecosystem that can support students while they are in school and after graduation while they are pursuing their careers. I believe that students learn from people they respect and who have experiences they value. We need to help students understand that broader entrepreneurial community and build networking connections among Ross School alumni, as well as entrepreneurs and venture investors who want to give back to the University through their mentorship, time and guidance.

In coming months, I look forward to connecting with the Ross alumni community and continuing to build on the outstanding curriculum and programs that Tom and his colleagues have put in place at the Zell Lurie Institute. The next generation of young entrepreneurs is already here, and they will need our combined efforts, working together on their behalf, in order to succeed.
In 2013, the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies at the Ross School of Business reached a new pinnacle of success, earning national recognition for the first time as the premier graduate program in entrepreneurship education. The Princeton Review and Entrepreneur Magazine ranked the Zell Lurie Institute the No. 1 Graduate Entrepreneurship Program in the U.S. among the more than 2,000 schools that were surveyed by The Princeton Review. This is the fourth consecutive year the Institute has placed in the upper echelon of contenders, underscoring its commitment to moving entrepreneurship to the forefront of business education. In the last decade, 4,450 students have pursued their entrepreneurial ambitions by participating in Zell Lurie Institute programs, and thousands more have taken part in its symposiums, conferences and events.

Over the past year, the Zell Lurie Institute also developed succession plans for its first major transition in leadership. In July, Stewart Thornhill — a leading educator in entrepreneurship at Western University's Richard Ivey School of Business in Canada — was named the Institute’s new executive director and the Eugene Applebaum Professorship of Entrepreneurial Studies. Effective September 1, Thornhill succeeded Thomas C. Kinneer, who has led the Institute as executive director since its inception in 1999. Kinneer, who is the D. Maynard Phelps Collegiate Professor of Business in the marketing area, has returned to full-time teaching while supporting the Institute throughout the transition period. In addition, he has been reappointed by Michigan Governor Rick Snyder to a three-year term on the Early Stage Venture Investment Corporation board of directors. Managing Director Tim Foley concluded his 10-year career at the Institute in July when he accepted a new position as the Sokoloff Distinguished Professor of Entrepreneurship at the University of the Virgin Islands in St. Thomas, U.S. Virgin Islands.

Extending the Scope and Depth of Entrepreneurship Education

The Zell Lurie Institute extended the scope and depth of entrepreneurship education at the University of Michigan over the past 12 months through innovations in its entrepreneurial-studies coursework and expansion of its robust program portfolio of grant-making, internships, venture-investment funds, international Multidisciplinary Action Projects and business competitions. The Institute’s matrix of multidisciplinary classes, action-based learning, staff and faculty seminars and alumni networking provided entrepreneurial-minded students with the skills, resources and experience needed to traverse the “Entrepreneurial Arch” — a pathway for transforming an idea for a new venture into a viable business. Students who master and apply six core skills — opportunity identification; designing, assessing, planning and resourcing the business; and managing growth — can achieve their goal of starting and operating a successful company.

In 2013, nearly $400,000 was awarded to advance entrepreneurial student teams involved in new ventures. The Dare to Dream grant program — which has three different stages that propel a student team from a nascent idea to a developed business ready for launch — grew substantially and broadened its impact across campus. The Institute’s three student-led venture-investment funds — its signature $3.5 million Wolverine Venture Fund, Social Venture Fund and Zell Lurie (formerly, Frankel) Commercialization Fund — invested a total of $400,000 in emerging start-up ventures over the past year. Currently, the three funds have $6.5 million under management.

New courses and course content introduced by the Institute in the 2012-2013 academic year helped to meet the skyrocketing demand for entrepreneurship education among students entering and enrolled at the University. These pioneering courses engaged U-M freshman, sophomores and juniors in entrepreneurial studies earlier in their collegiate careers and enabled graduate students in business, engineering and other disciplines to burnish their entrepreneurial acumen and skill sets in the specialized areas of business law, marketing and clean tech.

The Zell Entrepreneurship And Law (ZEAL) program, launched in January 2012 at the U-M Law School, unveiled six entrepreneurial-studies courses designed to familiarize law students with venture finance, private equity, entrepreneurial business, negotiations, real-estate entrepreneurship and exit strategies. Thus far, ZEAL’s student-led, faculty-supervised Entrepreneurship Clinic has provided pro bono legal services to a total of 47 student start-up ventures, including Fetchnotes and Focus Solutions, to help them form the right type of business entity, create ownership and employment agreements and make intellectual-property assignments. Recently, the clinic expanded its services by establishing office hours at the Zell Lurie Institute, the College of Engineering’s Center for Entrepreneurship and the TechArb student start-up accelerator.

“Michigan now has three major well-funded entrepreneurship centers — in law, business and engineering — that serve the entire campus,” says Erik Gordon, director of ZEAL and faculty managing director of the Wolverine Venture Fund. “This is a big step forward in the University’s efforts to create a campus-wide entrepreneurial ecosystem.”
Setting a Strategic Course under New Leadership

The Zell Lurie Institute’s new executive director, Stewart Thornhill, brings a multifaceted background and years of experience as an educator, researcher, entrepreneur and investor to the University of Michigan. “I often describe myself as a jack-of-all-trades,” he says. “I didn’t follow a traditional academic career path. However, after trying a lot of different things, eventually I was drawn to teaching and research at the university level.”

Thornhill studied mechanical engineering at the University of New Brunswick and later returned to school to earn an MBA in finance and a Ph.D. in strategy and organizational behavior at the University of British Columbia in Vancouver. He worked for a time in industry and started his own company on the side, encountering many of the challenges entrepreneurs often face. Over the course of Thornhill’s teaching career, he has held professorial appointments at the Universidad de San Andres in Buenos Aires; Jacobs University in Bremen, Germany; the Institut d’Etudes Politiques de Paris in France; and the Schulich School of Business at York University in Toronto.

Prior to accepting his new position at the University of Michigan, Thornhill taught strategy and entrepreneurship at the Ivey School of Business in London, Ontario, and served for five years as executive director of the Pierre L. Morissette Institute for Entrepreneurship. He championed executive education as faculty director for the Maple Leaf Leadership Academy, Industry Canada’s Executive Learning Initiative, and the ATCO Strategic Leadership Program. Thornhill also coached entrepreneurs at leading high-growth companies through the annual QuantumShift Executive Development Program. Based on these activities, he sees opportunities for the Zell Lurie Institute to extend entrepreneurship education into corporate settings and entrepreneurial companies operating outside the collegiate realm.

“One area with great potential is non-degree entrepreneurship education for U-M alumni as well as entrepreneurs who did not earn a degree at Michigan,” Thornhill explains. “Executive-education programs could assist these entrepreneurs at various stages in their business growth and development and help executives take their companies to the next level. The lessons-learned and the incredible talent at Ross and the Institute could be applied to a broader downstream market, making Michigan the go-to place for entrepreneurs who want to improve their own performance and drive the success of their businesses.” Bringing seasoned and less-experienced entrepreneurs together in networking communities also would stimulate the cross-fertilization of ideas, he adds.

Thornhill identifies several trends that are shaping entrepreneurship education and offer a fertile field for experimentation. These include the increasing popularity of business incubators and accelerators and the greater emphasis being placed on going beyond the business plan in class to seed and support new ventures. In addition, there is a growing conversation around new start-up methodologies, which are evolving almost daily. Another movement taking root on college campuses, including at the University of Michigan, is the effort to break down academic silos and promote entrepreneurial synergy, research commercialization and new-venture creation among students and faculty from different disciplines.

“If we are learning from experimentation and applying those lessons to our curriculum and programs, we won’t have the same educational models in place year after year,” Thornhill says. “The Zell Lurie Institute needs to continue its evolution in order to keep pace with the ever-changing entrepreneurial business and investment landscape.”

2013 Milestones

The Samuel Zell, Mitchell Mondry and Zell Lurie Institute and Erb Institute Scholarship Awards totaled $70,000 providing 14 MBAs with $5,000 each toward their tuition. Awards totaling nearly $18,000 were also provided to selected MBAs and BBAs for entrepreneurial and private equity leadership.

The three student-led venture funds with $6.5 million in total under management engaged 92 graduate students and made 10 investments in total.

MBAs were placed at 10 start-ups around the globe through Institute sponsored MAP and Global Projects.

Michigan Business Challenge awarded over $60,000 in prize money to multi-disciplinary student teams from across campus. Institute sponsored student teams brought home over $50,000 in prize money at intercollegiate and U.S. based competitions.

Dare to Dream Start-up Grant and Mayleben Venture Shaping Grant programs awarded $50,500 in total to 52 U-M student teams to develop their business ideas while earning their degrees.

The Marcel Gani Internship program placed 22 students at start-up and venture capital firms across the U.S.

The TechArb accelerator managed by the Zell Lurie Institute and the Center for Entrepreneurship, awarded 24 student teams with office space and provided mentoring to develop their business concepts.

Entrepalooza, the Michigan Private Equity Conference and Michigan growth Capital Symposium engaged over 900 attendees from the entrepreneurial and investment community.
BLUE-COLLAR ENTREPRENEUR ENCOURAGES START-UPS TO TEST IDEAS IN THE REAL WORLD

Charles Fry
Vice President, Great Lakes Region, Pillar Technology

Business, Charles Fry likes to observe, is 1% inspiration and 99% perspiration. The self-described “blue-collar entrepreneur” has done a lot of perspiring during his multifaceted career as the founder and chief technology officer of a venture-backed IT outsourcing firm, an independent business consultant, a family farmer in northwestern Ohio and, currently, an executive at the Ann Arbor-based software company Pillar Technology. Over the past decade, Fry has brought lessons-learned from his hard-scrabble background to the Zell Lurie Institute, where he mentors students one-on-one, speaks to entrepreneurial-studies classes and roundtable sessions and judges business plans at the Michigan Business Challenge and Dare to Dream grant program. “The University of Michigan has some spectacularly successful entrepreneurs, but you don’t have to achieve an IPO or earn a billion dollars to succeed,” he says. “I represent the day-to-day entrepreneurial guy who is trying to make a living, so I can talk candidly about the realities of launching a start-up. Students appreciate that.” Fry is also a pragmatist who quickly strips away the fluff and deep-dives into the business basics. “MBA students are exceptionally good at strategic thinking, research and big-picture conceptualization, but, generally, business comes down to being able to operate and execute,” he says. “A lot of business teams with great sales projections have never gone out and actually talked to customers or tried to sell their products. I encourage them to begin testing their ideas in real-world situations and building their business-operating experience.” To speed the transition from the classroom to the workplace, Pillar Technology hosts Zell Lurie Institute student interns, engaging them in a full spectrum of company projects, board meetings and customer presentations. “Learning and doing are two different things,” Fry says. “That’s where the Zell Lurie Institute pulls away from the pack. Many of the Institute’s faculty are, or have been, very successful entrepreneurs, and its programs are phenomenal in providing students with hands-on experience.”
HIGH ENERGY VENTURE CAPITALIST CREATES INDUSTRY ENTRY PATHWAY

Matt Turner
President and CEO, Amherst Fund

Mentoring helps to pave the pathway to success for young people entering the highly competitive arena of venture capital and private equity investment, says Matt Turner, the president and CEO of Amherst Fund in Ann Arbor. “Professionals who work in this industry are always mentoring others, because they want to see them succeed and help them avoid potholes,” he explains. “Mentoring is also important for entrepreneurs who are launching new companies, in which venture capitalists may be a potential investors or future purchasers of innovative products and services.” Since joining the privately held investment company in 2004, Turner has reached back to the Ross School and the Zell Lurie Institute to impart the knowledge and insights he has gained over the past nine years. As a judge at the final round of the Michigan Business Challenge, he critiques business plans and investor presentations created by student start-up teams and provides feedback to young entrepreneurs seeking validation of their business concepts. Turner, who has been a panelist at Entrepalooza, also supports Finance Professor David Brophy’s Financing Research Commercialization course by placing Amherst portfolio company founders and CEOs in the classroom where they bring live, current deals that challenge students to apply their skills. In addition, Amherst Fund provides sponsorship for the Michigan Growth Capital Symposium and hosts Marcel Gani interns, such as David Lin, EveningMBA’12, who interned at the company in 2008, was recruited after graduation and currently serves as vice president of operations. Lin also is the founder of two start-ups, FlockTAG and Bubble Island, and sits on the board of portfolio company Espresso Royale. Turner works directly with student interns to expose them to due diligence, deal structuring, team-sheet negotiations and other aspects of managing an investment portfolio. “People engaged in venture capital, private equity and entrepreneurship like to see entrepreneurs build their ventures into sustainable businesses that provide value in others’ lives,” he remarks. “That’s what makes this industry so exciting.”
“Venture creation is more than just classwork and contests, and mentors play an important role with student start-up teams,” says Norm Rapino, the director of mentoring at the U-M College of Engineering’s Center for Entrepreneurship. “Mentors can help students navigate the venture-creation process, which is not intuitive, and guide them into the marketplace where they can turn their ideas into commercial ventures.” Start-ups that are mentored are shown to be more likely to succeed than those that are not, he notes. To help U-M student-led ventures end up in the success column, Rapino mentors teams one-on-one and also participates in the entrepreneurial-education curriculum at TechArb. The business incubator is supported by the Zell Lurie Institute and the Center for Entrepreneurship, where Rapino is also an I-Corps Network specialist. Based on lessons-learned from a long career as a serial entrepreneur and, previously, as a mentor-in-residence at the U-M Office of Technology Transfer, he says, “I bring students the eyes and ears of someone who has been down the path they are on. Having led start-up and raised angel money, I understand what entrepreneurs must do to obtain seed funding and grow their companies. As an angel investor myself, I have a different perspective and know what investors want from entrepreneurs seeking start-up funding. I’ve been on both sides of the fence.” At TechArb, Rapino engages in “a Socratic dialog” to help entrepreneurs themselves learn to strengthen their business capabilities, refine their technologies, products or services and develop their sales, marketing and growth strategies. “We don’t tell students what to do,” he explains. “We help them discover the right path to take.” Once student start-ups leave TechArb, Rapino may stay connected with them as they continue to move their ventures forward. “As a mentor, I get satisfaction from helping students,” he says, “and I learn from them just as they learn from me.”
SMALL BUSINESS AND TECH CONSULTANT ACCELERATES COMPANY DEVELOPMENT

Mary Sue Hoffman
Attorney and Technology Business Consultant, Michigan Small Business and Technology Development Center

As a competition judge at the Michigan Business Challenge and Dare to Dream grant program, Mary Sue Hoffman endeavors to strike the right balance between fostering creativity and emphasizing hard work. “There’s no substitute for the latter,” she says, “so students who understand both sides of this equation will succeed.” Hoffman should know. Over the course of her successful legal and business career, she has worked her way up through the ranks at leading U.S. companies, including PriceWaterhouseCoopers and Allegheny Technologies. Today, as an attorney and technology business consultant with the Michigan Small Business and Technology Development Center, Hoffman conducts due diligence for investor groups considering investments in start-up companies. She also manages, on behalf of the Michigan Economic Development Corporation, the Emerging Technologies Fund, which seeks to expand funding opportunities for Michigan technology-based companies in the federal innovation research and development arena. “What I bring to student-led start-ups at the Zell Lurie Institute is not only my own expertise but the expertise of my entire team,” says Hoffman, who was born and raised in Michigan. “I can provide emerging companies with access to a full complement of team services, including SBIR/STTR grant proposals, investor pitches, business-plan reviews, sources of capital and introductions to the entrepreneurial ecosystem in Michigan.” While the nuts and bolts of new-venture creation are important, Hoffman never loses sight of the overarching principles she believes should guide that process. “Through my coaching and feedback, I try to tie together three concepts: new ideas, new solutions and social values,” she explains. “This is important because Zell Lurie Institute students will carry innovation forward to a world we cannot envision today and use their ingenuity to solve problems. I see my work with the Institute as an opportunity to influence our future leaders.”
Jack Ahrens, founding general partner of the Kalamazoo-based venture-capital firm TGap Ventures, knows the value of mentoring from his own personal experience. Ahrens’ first mentor coached him on the finer points of business and investing while he was forging a career in banking and equity investment. His second mentor was a seasoned VC who shared insights into making venture investments, building portfolio companies and achieving profitable exits while Ahrens was evaluating deals after segueing into the venture-capital industry. Now, with 34 years of investment and fund-management experience under his belt, Ahrens is volunteering as a mentor at the Zell Lurie Institute and finalist judge at the Michigan Business Challenge. In addition, he is chairman and head of judging at the nonprofit organization Great Lakes Entrepreneur’s Quest. “Generally, classes teach you all the theory, but mentoring gives you first-hand insight into how the real world operates,” he observes. “Students tend to learn more from those real-life experiences than from a textbook, so that’s the value a mentor brings to the educational process.” Ahrens helps young entrepreneurs understand business best practices, avoid common start-up mistakes and launch their entrepreneurial ventures on a solid foundation. His sage advice includes structuring a start-up company as a C-corporation rather than a Limited Liability Company in order to attract institutional investments. He also coaches student teams on valuation, equity allocation, internal controls, board formation, cash flow and alternative financing options. Most of the emerging companies Ahrens mentors in student-driven programs are seed and early stage ventures that are candidates for angel investments rather than the $500,000 to $1 million TGap typically invests in its portfolio companies. However, the firm did back a U-M technology spin-out three years ago. In January 2010, TGap participated with other venture-capital investors in an $11 million Series A round of financing for medical device maker HistoSonics. “Mentoring is fun,” Ahrens says. “I try to spend as much time as I can with students in Michigan to spur entrepreneurship and create value within the state.”
INVESTMENT VETERAN SHARES DEEP VEIN OF EXPERIENCE

Sam Valenti III  
Chairman and CEO, Valenti Capital and World Capital Partners

Sam Valenti III is a big believer in what he calls the “barbell theory.” Through his oversight role on the Zell Lurie Institute Advisory Board and as a long-time mentor, he works at the far opposite ends of a barbell-shaped learning continuum to provide students with real-world perspectives they may not get in the classroom. At one end of the barbell, Valenti presents a macro-scale overview of the venture-investment and finance industry to help students gain a broad understanding of the sector’s different iterations, professional attractions and personality requirements. At the other end, Valenti zeroes in on the micro-scale, front-line details of how to structure a financing deal, where to find allies and which players to consider as competitors. “What I bring to the table is a deep vein of investment experience in venture capital, private equity, stocks, bonds and commodities over 45 years,” Valenti says. “Mentoring offers a wonderful opportunity to help ‘fill in the blanks’ by imparting my professional knowledge to young people at the Institute who are self-starters with strong backgrounds and huge dreams.” Valenti began investing when he was 21 years old, and, early in his career, he served as chairman of the Investment Advisory Board of the $50 billion state of Michigan retirement system for 20 years. “By definition, I had to analyze every asset class and get to know the people who had the best returns in the world,” he remarks. “That’s the kind of context I still have, so I am able to share resources that are current and thought processes that are being tested on a daily basis.” Today, Valenti stays active as the chairman of TriMas Corporation, the chairman and CEO of Valenti Capital and World Capital Partners, the chairman at the Renaissance Venture Capital Fund and a member of Business Leaders for Michigan. He also is the former president of Masco Capital Corporation and a 40-year veteran of the Masco Corporation. Three years ago, Valenti established an annual award at the Zell Lurie Institute to recognize outstanding MBA students. The Valenti Excellence in Entrepreneurship award is given to two high achieving individuals each year who are the most well-rounded and well-liked in their class. After graduation, Valenti stays in touch to help them advance their careers and entrepreneurial ventures. “These young people are just beginning, and I’m at a different end of the rainbow,” he says. “I like that kind of blend.”
ZELL ENTREPRENEURSHIP AND LAW PROGRAM

Erik Gordon
Clinical Assistant Professor, Zell Lurie Institute
Director, Zell Entrepreneurship and Law Program

Over its first 18 months, the Zell Entrepreneurship And Law (ZEAL) program has strengthened the entrepreneurial culture at the University of Michigan by providing free legal counsel to start-up ventures on campus and ramping up entrepreneurship education for law students who want to represent entrepreneurial businesses or become entrepreneurs themselves. “ZEAL is a sign of cross-campus progress,” says Erik Gordon, director of the program, which was launched in January 2012 through a $5 million gift from Zell Lurie Institute co-benefactor Sam Zell, J.D. ’66. “The Law School has joined the Ross School of Business and the College of Engineering in developing a major entrepreneurship center that serves both graduate and undergraduate students throughout the entire Michigan campus.” ZEAL’s Entrepreneurship Clinic, which is run by law students working under the supervision of faculty who are experienced attorneys, has extended its outreach over the course of the year by adding office hours at the Zell Lurie Institute, the Center for Entrepreneurship and TechArb. “All start-ups need legal guidance to help them form the right type of business entity, create ownership and employment agreements and make intellectual-property assignments,” Gordon explains. “In the past, students with great entrepreneurial ideas and technical and business talent lacked access to that guidance. Now, ZEAL provides the critical missing piece of the entrepreneurial equation.” Among the student-led start-ups that have benefited from the Entrepreneurship Clinic’s pro bono services are Fetchnotes, a note-taking application for mobile phones, and Focus Solutions, which is bringing a digital personal trainer to market. ZEAL’s speaker series, which is open to all U-M students, has hosted appearances by prominent experts from law, business and finance, including Jon Sobel, the CEO of SightMachine, and John Denniston, a partner at the Silicon Valley venture-capital firm Kleiner Perkins Caufield & Byers. The program also has launched six entrepreneurial-studies courses designed to introduce law students to venture finance, private equity, entrepreneurial business, negotiations, real-estate entrepreneurship and exit strategies. “The U-M is putting the pieces together to be the powerhouse in entrepreneurship,” Gordon says. “It’s happening here and now.”

INTRODUCTION TO ENTREPRENEURSHIP

Len Middleton
Lecturer of Strategy and Entrepreneurship

With interest in entrepreneurship running at an all-time high among incoming and current Michigan students, the debut in fall 2012 of Introduction to Entrepreneurship — an entry-level entrepreneurial-studies course open to freshmen, sophomores and junior across campus — was bound to be a success. This fall the course is oversubscribed and has a waiting list of 300 students. “Fifteen percent of our undergraduates already have started entrepreneurial businesses in high school or junior high, so entrepreneurship is quite natural for them by the time they get to college,” says Len Middleton, adjunct professor of strategy and entrepreneurship. “This introductory course is intended to provide students with a solid foundation on how entrepreneurs and entrepreneurship play a key role in the 21st-century global economy.” The course fills an important learning gap in the Zell Lurie Institute’s entrepreneurial-studies curriculum. Middleton estimates that roughly half of the enrolled students come from non-business disciplines, including engineering and the humanities, so they stand to benefit from early exposure to accounting, marketing, strategy and other core business functions needed for new venture creation and growth. This foundation also prepares them to take more-advanced courses in entrepreneurship and to launch new businesses while they are in school. “Corporations and nonprofit organizations are looking for people who can self-start and have the skills to bring ideas to fruition,” Middleton says. “I want to imbue more Michigan graduates with entrepreneurial skillsets, so they can build lives and careers around innovation and entrepreneurship in their chosen fields.”
CLEAN TECH ENTREPRENEURSHIP

Peter Adriaens
Professor of Entrepreneurship and
Professor of Environmental Engineering

This fall, U-M students from the College of Engineering and Ross School of Business will collaborate on the design of Western-style entrepreneurial businesses in the multimodal transportation space using innovative ideas drawn from emerging and developing economies. Peter Adriaens, professor of entrepreneurship and strategy, has repositioned his Clean Tech Entrepreneurship course to focus on the “New Mobility,” IT-enabled multi-modal transportation ranging from electric bikes, motor scooters and cars to public transport, taxis and ride sharing. Simultaneously, he has introduced into his multidisciplinary course the process of reverse innovation – a backward flow of ideation from entrepreneurs and small businesses in China, India and other third-world countries to large companies in the United States. The Zell Lurie Institute is the first institution in the nation to integrate reverse innovation into its entrepreneurship education. “This New Mobility is one of the hottest investment areas for entrepreneurial start-ups in clean tech,” says Adriaens, who received a two-year grant from the National Collegiate Inventors and Innovators Alliance to fund the course. “Ford and General Motors are positioning themselves to become transportation companies, moving beyond cars and looking at innovating in this space.” Reverse innovation offers opportunities to learn creative new product or business-model designs from societies that are less constrained by legacy freeways and infrastructure, he adds. Over the summer, three scouting teams of U-M students traveled to China, India, Brazil, South Africa and the Philippines with a student videotape crew to gather information from and film footage of entrepreneurs and companies engaged in mobility innovation. Their findings and analysis will form the basis for the fall-term course project, which will engage SMART e-teams in the development of technology prototypes and entrepreneurial business models in the New Mobility area. “After the course ends, students will take the most promising ideas forward through other Institute programs such as Dare to Dream, TechArb and the Michigan Business Challenge,” Adriaens says.

LEGAL ASPECTS OF ENTREPRENEURSHIP

Cindy Schipani
Professor Merwin H. Waterman Collegiate Professor of Business Administration; Professor of Business Law

Law is much too important to leave to the lawyers, Business Law Professor Cindy Schipani often tells graduate students in her Legal Aspects of Entrepreneurship course. “As an entrepreneur, you need to understand enough law to know when to go to lawyers with questions and be able to comprehend what they tell you, so you can make your own business decisions,” she explains. “It’s better to think about legal issues before they become legal problems, because it’s a lot cheaper to do things right in the first place than to fix them later on.” Schipani, who practiced commercial and corporate law in Chicago and Detroit before taking up teaching, uses broad brushstrokes to help students understand their legal rights and obligations from the earliest stages of ideation and new-venture creation through the later stages of venture-capital investment and exits. “Often when people have great ideas or inventions, they aren’t thinking about how to protect themselves legally, or whether they even have the legal right to start a new venture related to something they developed at their current company,” she says. “Non-compete clauses and restrictions on intellectual property imposed by an employer can create a legal quagmire for an entrepreneur and sink a start-up.” During her course, Schipani covers a full spectrum of legal issues, including business formation, intellectual property, product liability, employment and contracts, which must be addressed properly, and in a timely manner, to keep an entrepreneurial venture on an even keel. Inexperienced start-ups dealing with well-established, deep-pocketed corporations are especially at risk unless they have protected their legal rights and are willing to defend them. Schipani also invites practicing attorneys with expertise in venture-capital investment, global expansion and other areas to share their experiences inside and outside the classroom. “While the legal system can be somewhat daunting,” she says, “it also can provide a competitive advantage to an entrepreneur who uses law to set up a business properly and profit from it.”
MARKETING FOR ENTREPRENEURS

Jack Ball
Lecturer of Entrepreneurial Studies

Start-up companies search for the right thing to do. Established companies execute on a well-established plan. So says Jack Ball, an adjunct professor of entrepreneurial studies who brings 40 years of business consulting experience to the Zell Lurie Institute. Nowhere is that distinction more important than in marketing. “As an entrepreneur, you have a small amount of money, and you have to make a major impact in the shortest possible time before it runs out,” he says. “You can’t afford to commission elaborate market surveys or build lengthy marketing plans, because you’re still trying to find the right market niche and customer base for your product.” In his graduate-level course, Marketing for Entrepreneurs, Ball provides MBA students with a comprehensive road map for commercializing a product in an entrepreneurial enterprise. The sequence begins with developing a product that solves a real problem and offers customers a solution they are willing to pay for. It culminates with writing a “pitch deck” for the commercial aspects of the company that gives potential investors concrete details about who, what, when, where and how the product actually will be marketed and sold. At each important juncture during the course, guest lecturers are invited to impart their entrepreneurial insights on such topics as electronic-marketing techniques and cost-effective sales strategies. “I also share a lot of anecdotal experiences drawn from my work with start-up companies over the past 12 years,” say Ball, who is the president of Tyball Associates, as well as an independent consultant to the biotechnology industry and a board member at six companies and one nonprofit organization. In addition, he serves as mentor-in-resident at the U-M Office of Technology Transfer, where he helps faculty and staff members take their patented inventions through the commercialization process. “What sets the Zell Lurie Institute apart from other entrepreneurial-studies programs is that its students have an opportunity to interact with actual entrepreneurs,” Ball says. “This adds a dose of reality to their education.”
Launching a new company is sometimes like pushing a bicycle up a very steep hill. At the Ross School and Zell Lurie Institute, CEO and co-founder Sean Simpson, Evening MBA ’13, found the helping hands and funding he needed to propel his start-up venture, AutoBike, over the entrepreneurial crest and to gain sufficient momentum for a smooth product rollout. “The networking contacts we made through the Institute enabled us to get plugged into the tightly knit community of entrepreneurs in Ann Arbor and Detroit,” he explains. “Entrepreneurial-studies coursework, business-development seminars, and investors’ feedback at the Michigan Business Challenge also gave us a good solid foundation.” Simpson collaborated with five co-founders, including John Czoykowski, BSE ’06, MSE ’13, to design the AutoBike Voyage, an automatic-shifting bicycle for casual users who want a simple, smooth, comfortable riding experience. Creating the patent-pending shifting system was a slam-dunk for Simpson, a mechanical engineer who previously designed auto transmissions at General Motors Co. He enrolled in Ross’s evening MBA program in fall 2009 to gear up on the entrepreneurial business skills needed for creating and scaling a business to commercialize that technology. AutoBike, launched in 2011, shifted into high speed the following year, winning $10,000 at the 2012 U-M Victors’ Challenge competition and closing on $250,000 in seed round funding while participating in Betaspring, a Providence, Rhode Island-based start-up accelerator program for technology entrepreneurs who are launching new companies. “I knew we could do something on our own and make a big impact on the final product,” says Simpson, who is selling the first production bikes through his website, www.evolvethebike.com.
FOCUS SOLUTIONS USES SEED ROUND TO BRING DIGITAL PERSONAL TRAINER TO MARKET

Cavan Canavan, MBA ’12
CEO, Focus Solutions

Grant Hughes, MBA/MS ’13
Chief Marketing Officer, Focus Solutions

In May, Michigan-minted start-up Focus Solutions made its financing pitch to an audience of leading angel investors and venture capitalists at the 32nd Michigan Growth Capital Symposium. The annual event, co-sponsored by the Zell Lurie Institute, put co-founders Cavan Canavan, MBA ’12, and Grant Hughes, MBA/MS ’13, in the sweet spot for raising $1 million in seed round funding to bring their Focus digital personal trainer to market.

“The early round of funding is always the hardest to get,” says Hughes, the company’s chief marketing officer. “The MGCS helped to streamline that process by putting us in front of people who want to invest in emerging technologies.” Their innovative product uses a high-tech wristband and a smartphone application to help physical-fitness enthusiasts track, evaluate and guide their workouts. Canavan hatched the concept for Focus at the Ross School last year and hired two Michigan electrical-engineering students to develop the initial prototype and proof-of-concept algorithm. To gain a competitive edge, the two entrepreneurs commissioned Hollywood celebrity trainer Ashley Conrad and former Wolverine athletic strength and conditioning coach Mike Barwis to create customized workouts and training programs. Following the company’s launch in July 2012, the partners leveraged the Institute’s resources, including the Mayleben Venture Shaping and the Dare to Dream grant programs, to tone up their business plan and hone their focus on the resistance and body weight training market, an underserved niche. With coaching from the Institute’s Tim Faley and Sarika Gupta, the company catapulted to a first-place finish in the final round of the 2013 Michigan Business Challenge, winning the $20,000 Pryor-Hale Award for Best Business. “If you build a product that you believe in, and that your customers really need and want, then you’ll be successful,” say Canavan and Hughes, who anticipate their final product will be shelf-ready by year’s end.
When Alex Schiff, BBA ’13, enrolled at the University of Michigan in fall 2009, he had no plans to launch a technology-based start-up company. His entrepreneurial ambition surfaced in his sophomore year when he co-developed the concept for Fetchnotes, a mobile and Web note-taking application, in an engineering course. Over the summer and following year, Schiff and his team began laying the cornerstone for their company at TechArb, a student start-up accelerator operated jointly by the Zell Lurie Institute and Center for Entrepreneurship at the College of Engineering.

“We faced a lot of uncertainty while we were learning how to start a business, recruit employees and organize teams,” he says. “TechArb gave us the community we needed as young entrepreneurs to survive our first year and grow our company.” A $5,000 TechArb grant enabled Fetchnotes to hire a Michigan student for the summer.

Schiff delved into venture-capital investment during an independent study and classes with Finance Professor David Brophy and tested the entrepreneurial waters for a few months at Benzinga, a start-up founded by Ross alumnus Jason Raznick. Through the Law School’s new ZEAL Entrepreneurship Clinic, Schiff tapped into a comprehensive suite of free legal services that put Fetchnotes on a solid legal footing. The clinic, which is part of the Zell Entrepreneurship And Law program, “saved us thousands of dollars and an unbelievable amount of time,” he says. “Student lawyers, working under a practicing attorney, helped us convert Fetchnotes from a Michigan Limited Liability Company to a Delaware C Corporation, which allowed us to accept outside investment. They also drew up all our contracts and employee documents.” Fetchnotes raised nearly half a million dollars from investors following a stint at the TechStars start-up accelerator in Boston and officially launched in April 2012. “We’re based in Boston, but we still maintain strong U-M connections,” Schiff says.
MBA EXPERIENCE TAKES GRADUATE FROM TECH CONSULTANT TO TECH STARS BUSINESS ACCELERATOR

Ryan Fukushima, MBA ’13
Associate, TechStars-Chicago

A quest to transition from technology consulting into entrepreneurship took Ryan Fukushima, MBA ’13, from his home in sunny California to the Ross School and Zell Lurie Institute. “I was attracted by the alumni network and the wide-ranging programs,” he says. “The student-run investment funds are unique.” High on his priority list was learning how to build a business. “My New Venture Creation class and other entrepreneurial-studies courses were very well-rounded and brought a lot of functional concepts about sales, marketing and operations together,” Fukushima says. During a 2012 Marcel Gani summer internship, he put this holistic approach into play and immersed himself in an entrepreneurial setting at San Francisco-based start-up Tapjoy, a monetization and distribution services provider for mobile applications. “I led Tapjoy’s Facebook mobile-advertising campaign and helped the company become a marketing developer for Facebook,” he says. “It was a huge win.” Fukushima’s fascination with the investment side of entrepreneurship prompted him to sign up for venture-capital courses and join the student-led pre-seed Frankel Commercialization Fund, now the Zell Lurie Commercialization Fund. He and his team invested $80,000 in Fusion Coolant, a Detroit technology company spun out of the University, and then attracted other venture capitalists who co-invested an additional $750,000 in the start-up. Fukushima applied his venture-investing knowledge and fund experience at the 2013 Regional Venture Capital Investment Competition, where his five-member team placed second. “The things I learned through the Zell Lurie Institute about becoming an entrepreneur and navigating through the phases of starting a business have been invaluable,” says Fukushima, who received the Institute’s Valenti Award for Exceptional Entrepreneurial Achievement. After graduation, he accepted an associate’s position at the TechStars-Chicago business accelerator program. “Now I can provide advice to other start-up companies and help them get to the next level,” he adds.
The opportunity to become chief marketing officer at U-M medical-device start-up company Exo Dynamics while pursuing her graduate degree in business enabled Maren Bean, MBA ’13, to wed her interests in product development and medical technology. Her hands-on experience also prepared her for a new career and catapulted her into a leadership development rotational program at Medtronic Inc. after graduation. “The Zell Lurie Institute was the catalyst behind all this,” says Bean, a San Francisco native who majored in English literature and drew a paycheck at Google for five years before entering the Ross School. “The Institute connected me with inventor Dan Johnson and co-founder Jorge Sanz-Guerro, who invited me to join the Exo Dynamics team in October 2011. It was great exposure to a start-up environment, especially since I had no background in business development or commercialization and had never worked in medical devices.” Both Johnson and Sanz-Guerro earned their graduate degrees at the U-M College of Engineering. During a New Product Innovation course, Bean and her classmates performed a market assessment and concept testing for Exo Dynamics’s prototype product. The company is developing an electro-mechanical back brace for medical professionals that prevents injury and lessens pain without reducing mobility. She also represented Exo Dynamics at the Michigan Business Challenge, where it captured the $10,000 Pryor-Hale Runner-up prize and $5,000 Williamson Award for Outstanding Business and Engineering Team. Through the Zell Lurie Institute, Exo Dynamics received a Dare to Dream integration grant, entered the TechArb student start-up accelerator and traveled to business-plan competitions in Nebraska and Michigan. “The Institute was our champion and helped us prepare for these events through its workshops and coaching,” says Bean, who plans to continue as CMO and a board member. “The encouragement we received was important. It was reassuring to know we had people who believed in us and wanted to see us succeed.”
Berry Kennedy, MBA/MS ’14, is passionate about changing the way businesses and markets function to make them work for the benefit of society. Through the Zell Lurie Institute — and the Erb Institute for Global Sustainable Enterprise, where she is pursuing a dual degree in business and environmental sustainability — Kennedy is building the tools, experience and understanding she needs as a social entrepreneur to solve real-world problems. “Finding a way to make money by doing good in society is one of the most interesting and exciting challenges a business could face,” she says. “A socially oriented, for-profit enterprise has to be extremely creative in exploring new business models while balancing all the demands placed on a traditional for-profit company.” Kennedy gained insights into social enterprise and investment during her two years on the student-led Social Venture Fund, which makes venture-capital investments in for-profit organizations pursuing social change. For a consulting project with Mindful Meats, she and her multidisciplinary team assisted the organic meat producer in developing a strategy to measure its social impact. “I enjoyed looking at impact investing from the market level all the way down to the level of the individual social entrepreneur,” says Kennedy, who is a Zell Lurie Institute and Erb Institute scholar. She gained practical experience during summer internships at Wal-Mart Stores Inc., where she helped the retailer refine its global renewable energy strategy, and at a major consulting firm, where she worked with a global food manufacturer seeking to expand its healthy snack line for children. Kennedy also completed a team master’s project with the Dow Chemical Company that addressed the company’s challenges in securing adequate freshwater for its manufacturing processes. “One of the great lessons I’ve learned is that to tackle substantive social and environmental problems, we can’t leave the private sector out,” Kennedy concludes. “Policy advocacy and work by nonprofit groups is essential, but it must be accompanied by a change in the way business is done.”
At the Center for Venture Capital and Private Equity Finance (CVP), we have noted a marked increase in venture capital investment activity in, out, and through Ann Arbor over the past year. This trend has created greater exposure for start-up ventures led by U-M student entrepreneurs and funded by Ann Arbor venture capitalists, including many of our alumni.

Drawing upon the deep pool of Michigan creativity and talent, our students and graduates are generating entrepreneurial ideas, bringing them to application, shepherding them through multiple prototypes and then making their financing pitch to investors on the coasts or in the nation’s heartland. Nowadays, savvy global investors are willing to look farther afield to source new deals, including here in the University’s own backyard. Likewise, alumni from the Ross School and the College of Engineering who have done stints at Silicon Valley or on Wall Street are now gravitating back to Michigan and Ann Arbor to open investment offices. Our state currently has 25 venture capital funds providing growth capital to promising start-ups spawned by University research discoveries and inventions across various academic disciplines. This ramped-up connectivity augers well for our reputation as an innovative community and a source for high-potential technology and social-networking investment deals.

Private equity also has taken root in Michigan, where well-established firms are sourcing and partnering on deals with PE investors from across the country. In recent years, we’ve seen the sector’s investment focus shift away from using takeover capital to buy entire companies and turn instead toward investing growth capital in companies through partial acquisitions, known as leveraged recapitalizations. CVP has supported the industry’s recalibration through our coursework and case writing. In addition, we have paved the road to careers in entrepreneurial finance by inviting alumni to return to campus. This past year, we hosted a series of three fireside chats that brought 45 leaders from venture capital or private equity together with students. Their conversations helped to illuminate the field and underscore their willingness to recruit Michigan graduates for their companies.

Currently, the Center is formulating plans to expand our footprint in global alternative investment management by promoting new courses and greater interaction between students and financial practitioners. We are well-positioned at the nexus of entrepreneurship and finance to help our graduates strengthen Michigan’s standing in the venture capital and private equity investment landscape.
My decision over the summer to accept a new academic position as the Sokoloff Distinguished Professor of Entrepreneurship at the University of the Virgin Islands caps my 10 years as managing director of the Zell Lurie Institute. I have enjoyed my work with the Institute’s students, faculty, staff and alumni during that time, and I look forward to forging new ties and building a new entrepreneurial-studies program at another institution.

My departure comes at a decisive inflection point for the Zell Lurie Institute, which has emerged as a recognized leader in its field and yet, ironically, has just scratched the surface of possibilities in the entrepreneurial realm. Over the past decade, we have redefined the content and scope of entrepreneurship education at the University of Michigan, and across the nation. Initially, our efforts focused on identifying and teaching our students the pre-business-plan skillsets ─ including opportunity identification, business design and business assessment ─ that had been missing from traditional entrepreneurial-studies programs until that time. These critical skillsets are used to lay the foundation for planning and resourcing an entrepreneurial business and managing its growth. At the Institute, we have coined the name Entrepreneurial Arch to describe this stochastic, iterative process, which starts with an individual’s own unique capabilities and ends in a successful business.

To complement the Entrepreneurial Arch, we have created the Student Skill Building Impact Framework, a grid that has allowed us to develop a portfolio of programs across a wide spectrum of student impact and skill development. These offerings range from our marquee programs, such as the student-led venture-investment funds and TechArb, which provide a high degree of skill development for relatively few students, to our big crowd-drawing events, such as Entrepalooza and 1000Pitches, which generate great enthusiasm among many students but impart few entrepreneurial skills. Together, the arch and the grid have provided a comprehensive roadmap for the Institute’s continuing evolution.

Another area where we have led our peers is in scaling the teaching of entrepreneurship. We have pioneered innovative “learn-do” programs at the Institute that combine workshops with one-on-one coaching to expand the reach and effectiveness of entrepreneurship education. By incorporating these programs into our curriculum, we have helped business and nonbusiness students learn and put into real-world practice the process for turning their disruptive ideas for products and services into new business ventures.

During the years while we were building out the Institute’s entrepreneurial-studies coursework and programs internally, we also were reaching across the University to support the creation of entrepreneurship centers at the College of Engineering and the Law School. This collaboration has fostered the expansion of the University’s entrepreneurial ecosystem and unleashed a tidal wave of entrepreneurial synergy that has swept across campus.

Are we done? Is our vision fulfilled? Not yet. In fact, we’re just getting started on the newest iteration of entrepreneurship education. Now we’re beginning to think about entrepreneurship in terms of the professional entrepreneur ─ that individual who is performing entrepreneurial tasks out in the workplace, whether it’s at a major corporation, a small start-up or a nonprofit organization. This next phase requires broadening our definition of an entrepreneur to encompass nurses, artists, public-health managers and people in other occupations who want to apply an entrepreneurial mindset to their lives and use our entrepreneurial framework to take control of their economic future. It also entails revising the way we think about “cash flow businesses” ─ high-growth start-ups that are not equity investible and do not depend upon venture capitalists for funding or exits that turn equity into cash. Instead, these ventures are launched and managed by individuals who retain ownership and increase the value of their business by escalating cash flow. We need to develop new risk-capital investment models that are better aligned with the way these entrepreneurial companies make money. I don’t know what these models will look like, but this is a fascinating area that I hope the Institute will explore in coming years.
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