Scott Baron has a vision of creating a brighter, cleaner world for nearly two billion people living in developing countries where energy production is low-tech and expensive. As a first step, he has created a business plan for Developing Power, a company that would install and operate distributed electrical power systems based on renewable energy in remote areas of the world. Currently, Baron is enrolled in a three-year, joint-degree Corporate Environmental Management program, at the University of Michigan Business School and the School of Natural Resources and Environment.

The Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies has supported Baron in his efforts by providing coaching and covering expenses incurred by his entry into multiple business-plan competitions, including the National Social Venture Competition, where he won a top award. Baron was able to capitalize on networking opportunities at the Institute’s 2003 Emerging Industry Symposium, which focused on alternative energy, and co-authored a case study on energy innovations at the “bottom of the pyramid” for a specialized Multidisciplinary Action Project at the Business School.

“The Zell Lurie Institute is the link that has helped me advance my initiative for making real environmental and social change from the concept stage to potential reality,” Baron says.
In this annual publication, we share the stories of our programs and innovations over the past year in expanding our entrepreneurial faculty, course offerings and experiential-learning programs for our students. During 2003, the Institute accelerated its focus on providing classroom and field-based opportunities for learning, insight, and ultimately, entrepreneurial success for our students and alumni. We have continued to grow the Institute and its academic and experiential-learning initiatives for current and future students. As we look to the coming year, we wish to say “thank you” to our graduates and friends in the entrepreneurial community for their great support of the Institute. We also wish to say “thank you” to our students and friends in the entrepreneurial community for their great support of the Institute.

The Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies
FOR THE LAST FOUR YEARS, THE SAMUEL ZELL & ROBERT H. LURIE INSTITUTE FOR ENTREPRENEURIAL STUDIES AT THE UNIVERSITY OF MICHIGAN HAS ENDEavored TO BRING GREATER CLARITY AND UNDERSTANDING TO THE BUSINESS DISCIPLINE OF ENTREPRENEURSHIP. THE INSTITUTE ALSO HAS WORKED HARD TO CREATE AN ENVIRONMENT WHERE NATURAL ENTREPRENEURS CAN EXCEL AND THOSE WITH LITTLE OR NO ENTREPRENEURIAL EXPOSURE CAN HONE THEIR ENTREPRENEURIAL SKILLS AND GAIN VALUABLE HANDS-ON EXPERIENCE. THOSE EFFORTS GATHERED GREATER MOMENTUM IN 2003 AND PROPELLED ENTREPRENEURSHIP WELL INTO THE MAINSTREAM OF BUSINESS THEORY AND PRACTICE AT MICHIGAN.

“I've never experienced such a support level for something that, until recently, was not considered part of the business curriculum,” says Sam Zell, a founding benefactor of the Zell Lurie Institute and the chairman of Equity Group Investments in Chicago. “The fact that entrepreneurial education has been embraced and integrated into the Michigan Business School by the Dean and faculty is fulfilling what I’d hoped for. I couldn’t be more excited and proud of what’s happening.”

In 1999 the Zell Lurie Institute was founded at the Business School through the vision and gifts of Zell and Ann Lurie and her late husband, Robert H. Lurie, who shared a desire to foster positive changes in the world by educating and supporting entrepreneurial talent. Their foresight and generosity provided Michigan with the resources not only to establish one of the nation’s leading institutes for entrepreneurial studies, but to continue expanding its entrepreneurial footprint. Now Zell proudly points to the growth of the Wolverine Venture Fund, the success of Michigan student entrepreneurs at national business-plan competitions and the effectiveness of the mentoring program at Michigan as key indicators that entrepreneurship finally has gained a strong foothold on the University campus. “We’re constantly reaching out to generate better experiences for our students,” he says.

Entrepreneurship has not experienced entirely smooth sailing, however. During the dot-com bubble in the early 1990s, people started to connect entrepreneurs with high-tech venture capitalism, which has since fallen on hard times. Zell insists, however, that one is not a condition of the other, and he debunks current misconceptions that entrepreneurial activity has suffered because of the stock-market decline, the drop-off in IPOs and the pullback by venture capitalists.

“An entrepreneur is someone who sees a direction and generates a plan that leads in that direction,” Zell states. “This could be in a steel mill or retail chain as well as a software company. The relevance doesn’t diminish because the IPO market went down or venture capital dried up.

“Entrepreneurs are as valuable in running a business or a university as they are in starting a new venture,” he continues. “We challenge conventional wisdom. It’s part of the definition of being an entrepreneur. We’re making progress and I’m excited.”
EXPANDED FOOTPRINT:
New People and Programs Spur Growth in 2003

In 2003, the Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies expanded its footprint at the University of Michigan Business School by welcoming a new managing director, embedding entrepreneurial initiatives into the School’s core curriculum and building upon the success of established programs. The addition of new Entrepreneurial Studies faculty and courses, and the launch of the Paul S. Brentlinger Business Case Writing Program further supported the Institute’s efforts to create an entrepreneurial environment at Michigan and to apply entrepreneurial thinking to the full spectrum of business education, from start-ups to turnarounds.

“We seek to create a laboratory for our students where they can learn at a much deeper level than is possible in the standard lecture situation,” says Institute Executive Director Thomas C. Kinnear, the Eugene Applebaum Professor of Entrepreneurial Studies and a professor of marketing. “We send our students out into the real world to practice entrepreneurship and, at the same time, provide street-smart faculty who can conceptualize the issues and draw upon their own entrepreneurial experiences.” This rich matrix of action-based learning has made the Institute a leader in entrepreneurial education.

In May, Timothy L. Faley was named to succeed Timothy B. Petersen as the Institute’s managing director. Faley, who previously served as the director of Technology Transfer and Commercialization at the College of Engineering, brings a cross-disciplinary approach to his new position and further solidifies ties with other academic units around campus.

“We are part of a world-class research university, which enables us to draw upon resources in many different disciplines,” Faley says. “Through our relationship with other schools and colleges at Michigan, students have an opportunity to broaden their sights and gain a different perspective on entrepreneurship. We also are able to tap into the vibrant Ann Arbor entrepreneurial community and the Michigan Life Sciences Corridor.”

Entrepreneurial MAP, launched three years ago as an experiment, officially joined Corporate MAP and International MAP in 2003 as a third option in the Business School’s Multidisciplinary Action Project program. Eight start-up companies hosted student EMAP teams, which worked directly with entrepreneurs and other key company executives on start-up strategies and growth plans.

Survival Strategy:
Case Writing Yields Entrepreneurial Insights

When Jitesh Tank, MBA ’03, was offered the opportunity to participate in the Institute’s Entrepreneurial Case Writing Program last March, he jumped at it. An aspiring entrepreneur himself, Tank hoped to gain valuable insights into the progressive phases of running a start-up company, from the initial stage all the way to commercialization.

“If you are evaluating a start-up from the outside, you don’t get a clear understanding of the challenges it faces,” he explains. “But when you work closely with the management, you understand all the hurdles the company faces for survival.”

Tank’s background in chemical pharmaceuticals made him a perfect match for Tal Materials, a University of Michigan College of Engineering spin-off company. Founder and chief technology advisor Richard M. Laine, a professor of materials science and engineering, developed technology for making nanoparticles of mixed metal oxides in 1996 and identified several possible applications, ranging from transparent ceramics and paint coatings to fraud-proof ink and fuel cells.

In writing his case study of the company and its commercial potential, Tank was able to draw upon his other entrepreneurial experiences at Michigan that involved evaluating business opportunities for investment. These included serving on the Wolverine Venture Fund student advisory board, evaluating start-up companies for a Brand Maps course taught by Institute Director Tom Kinnear and working as a Marcel Gani Internship Program summer intern at EDF Ventures in Ann Arbor.

“Through the case writing program, I learned how to achieve a balance between the exploration of different market opportunities and utilization of scarce resources available to a start-up,” Tank says. The Entrepreneurial Case Writing Program was started with a grant from Paul S. Brentlinger in 2001.
"I gravitated toward EMAP because I knew my project would have more impact on the company I partnered with," says Jose Mario F. Noble, a first-year MBA student who spent seven weeks working with MesoSystems Technology, a New Mexico-based air-quality testing firm. "Start-ups are usually resource constrained, which means that an EMAP student will receive work that is more important to the company."

Wee Lih Koh, also an MBA1, says his EMAP experience with the Ann Arbor biotech firm Velcura Therapeutics enabled him to better understand the dynamics of managing a start-up and to learn more about the competitive field of biotechnology. "We were able to join management in their meetings and observe how they went about their daily work," he says. "At the same time, our team served as a valuable consulting resource for this start-up company."

The Wolverine Venture Fund (WVF), a $3 million venture-capital fund operated directly by the Business School, provided seed and early-stage funding to the start-up companies in its portfolio—HandyLab, IntraLase Corp., Silverpop Systems, Avail Networks and PanCel. The Fund’s investments are made with the active involvement of MBA students, the assistance of faculty and the oversight of an eight-member advisory board of professional venture capitalists and entrepreneurs.

During the two years he sat on the WVF student advisory board, John Cunningham, MBA ’00, reviewed business plans, conducted in-depth due diligence, identified prospective investment opportunities and interfaced with numerous entrepreneurs and venture capitalists. That hands-on experience has proven to be invaluable to him for the past two years in his position as a new-business development specialist with the University of Michigan Office of Technology Transfer, which helps to commercialize research discoveries, technology and inventions.

“My experience on the Wolverine Venture Fund and the contacts I made were essential for helping me find and secure this job,” Cunningham says. “Working on the student advisory board gave me real-world experience and an understanding of what it takes to create an early-stage venture. This background has helped me to be effective in my new-business development role.”
Throughout the year, other entrepreneurial programs sponsored and/or supported by the Institute continued to gain traction, contributing to the experiential learning of students who seek to acquire new skills and apply their entrepreneurial talents. The Dare to Dream Grant Program awarded $100,000 in no-strings-attached monies to help students achieve their vision of starting and growing new companies in southeast Michigan, and more than 20 summer interns partnered with start-up and venture-capital firms through the Marcel Gani Internship Program. The Institute also hosted the campus-wide Pryor-Hale business-plan competition and sponsored Michigan teams that traveled to compete, or to assist, in national case and business-plan competitions.

“Our goal is not only to educate entrepreneurial-minded students who want to start new ventures but also to instill entrepreneurial thinking in all of our students, so they can apply this in corporate settings as well as start-up situations,” Kinnear says. “We want them to see things in an entrepreneurial way.”

Sweet Dreams: Dare to Dream Grants Inspire Entrepreneurs

Someday you may be able to visit The Candy Factory, a family-oriented “edu-tainment” theme park designed to inspire children, ages 3 to 12, and to stimulate their imaginations through interactive displays and exhibits. At least that is the hope of Kim Gans, MBA ’03, who came up with the idea, and her business partner, David Lowy, MBA ’03, who was part of the five-member Entrepreneurial Studies student team that solidified the business concept and put together a business plan earlier this year.

“The Candy Factory concept has always been a dream of mine,” explains Gans, who was inspired by her own enjoyment of candy, kids and fun things to do. “I felt candy was a good catalyst to spark kids’ creativity because it is fun and colorful, and kids love it.” Pitching the idea to the ES class, she says, gave her an opportunity to develop the concept with the assistance of talented MBA students who complemented her skills, the support of experienced faculty and the dedicated time for due diligence.

“I was looking to build a financial model, to validate the concept and to develop a timeline for raising capital,” Gans says. “Ultimately, I wanted to create a business plan and, more importantly, a road map for future development.”

The big breakthrough came, however, when the team entered the Institute’s Dare to Dream Grant Program and received a $20,000 grant. “It was a perfect early-stage opportunity for us because all the nuts and bolts didn’t have to be in place, just the big idea,” Lowy says. “It gave us confidence and helped us believe in ourselves.”

The grant money will enable Gans and Lowy to refine their business plan, complete marketing research and identify potential investment partners. In the fall, they hope to recruit a second-year MBA student and to enter national business-plan competitions to generate additional money.

“The Zell Lurie Institute has given us the resources and opportunity to grow and build our idea,” Kim says. “It has provided a tremendous learning experience and helped us transform our dream into the beginning of a sound business plan.”

“Without the Dare to Dream program, The Candy Factory would still be a very interesting concept rather than a growing venture,” Lowy says. “This grant gave us both the inspiration and support to pursue our vision.”
Mold damage to homes and commercial buildings has become a serious issue for property owners and insurers, but MesoSystems Technology Inc. was not sure whether this sector also presented a marketing possibility for its core business of air sampling for biohazard contamination. To find out, the Albuquerque-based firm asked an EMAP team from the University of Michigan Business School to research the market for detecting and sampling mold in residential and commercial property.

“Our team provided a comprehensive analysis of this prospective market and developed an ‘industry map’ that defined and identified customer segments, competitors and competing technologies, potential collaborators and industry experts and influencers,” says Jack Nestor, one of the five MBAs on the team. “We also considered the regulatory and social environment while preparing our recommendations to the company for market entry.” The team concluded there is a market opportunity for mold detecting and sampling but stipulated that the equipment had to cost under $3,000 and do real-time sampling—requirements MesoSystems was not currently prepared to meet.

“The students got a dose of ‘real world,’” says Jim Burdick, the vice president of sales and marketing at MesoSystems. “The project turned out to be much greater in scope and complexity than they thought going in. But the team did a good job of exposing the opportunities and general landscape of the market. They saved us a great deal of expense by uncovering the rocks.”

For Nestor and his teammates, EMAP was an opportunity to take the concepts and tools learned in the classroom and to apply them to a real business situation. “EMAP generates strong synergy by pairing students who are eager to learn in an entrepreneurial setting with small companies that need research analysis and recommendations,” he says. “As our team discovered, the outcome of an EMAP project can have an important impact on the direction a company chooses to pursue.”
CURE QUEST:
EMAP Team Assists Velcura Therapeutics

Last spring, Velcura Therapeutics, a University of Michigan spin-off company, initiated a search for a strategic partner in the bio-pharmaceutical industry with the help of a five-member EMAP team from the Business School. Scientists at the Ann Arbor-based firm are researching new therapies that stimulate bone formation in patients who are suffering from diseases such as osteoporosis and bone cancer. Their discoveries potentially could benefit millions worldwide.

“The students set up a corporate infrastructure for strategic intelligence,” says Velcura CEO Michael W. Long, a professor of pediatrics and communicable diseases at the Medical School. “They identified large bio-pharma firms, which we will target as strategic partners, and evaluated the competitive marketplace, so we can keep track of competing small biotech companies.” The EMAP team also pinpointed venture-capital firms that specialize in the life sciences and are investing, or are interested in investing in the Midwest. “This will be helpful when we need to raise additional money,” Long adds.

“We did a lot of work that would have taken Velcura’s staff months to do on their own, or would have been very costly,” says Cary Devore, a team member. “Time is money when you’re a start-up.” Working as a team to achieve goals outlined by management was the most rewarding part for Devore. Overall, the EMAP project helped to provide real-world experience as well as insight into an industry in which he is interested.

“I was involved intimately with the company, working with a brilliant CEO and experienced CFO,” Devore says. “What we did mattered to them, which was more rewarding and had greater impact. There was less structure and more responsibility, which helped to improve our communication, organizational and general analytical skills.”

“We have strong feelings about making students part of the process, so they can learn what an early-stage company is all about and meet the scientists,” Long says. “This gave the students a great opportunity, and they did a superlative job.”
SUCCESSFUL SPIN-OFF:
Mobius Microsystems Leverages Its Michigan Connections

THE GRAY CRYSTALLINE SEMICONDUCTOR CHIP THAT UNIVERSITY OF MICHIGAN DOCTORAL FELLOW MICHAEL S. McCORQUODALE HOLDS IN HIS OUTSTRETCHED HAND IS TINY—NO BIGGER THAN THE TIP OF A BALLPOINT PEN. LOOSELY DESCRIBED AS A “ON-CHIP CLOCK GENERATOR FOR SYNCHRONOUS PROCESSORS,” ITS ELECTRONIC CIRCUITRY AND MICROSCOPIC MECHANICAL DEVICES, EMBEDDED ON A SILICON SUBSTRATE, ARE NEARLY INVISIBLE TO THE NAKED EYE. YET, McCORQUODALE’S VISION FOR THE TECHNOLOGY APPLICATION THAT HE AND HIS RESEARCH ADVISOR, DR. RICHARD B. BROWN, CO-DEVELOPED AT THE UNIVERSITY OF MICHIGAN IS ANYTHING BUT DIMINUTIVE.

“This semiconductor chip has the potential to help reduce the size, power consumption and cost of many electronic devices, including cell phones and PDAs, and to spur the development of new products, such as wristwatch cameras,” explains McCorquodale, who is the chief executive officer of Mobius Microsystems. “It is the first step in a complete portfolio of technologies that will integrate many key functions into a single semiconductor chip.” McCorquodale and Brown, a professor of electrical engineering and computer science at the College of Engineering, co-founded Mobius in 2002 with the aid of veteran entrepreneur James Vincke, MBA ’85, and University of Michigan Business School MBA students Jeffrey Wilkins and Wade Rushing.

Three years ago, however, the Mobius on-chip-clock was little more than a concept with great potential. Today, it is well on its way to becoming a commercially viable product and another in the long list of successful technology spin-offs from the University of Michigan. A major catalyst for the company has been the high-level business-development assistance it has received from the Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies, the University’s Office of Technology Transfer and the College of Engineering’s Technology Transfer and Commercialization Office. These, together with other University-affiliated groups, have helped to shape the company’s goals—and put those goals within reach.

“I had been in an electrical engineering curriculum for my entire life, and I knew nothing about business development,” McCorquodale explains. “The Institute played an instrumental role in every aspect of our development. It provided the resources that made it possible for a student from the College of Engineering with very little knowledge of emerging business to develop a complete, practical business skill set and to launch a company.”

Today Mobius is one of a handful of companies at Michigan where students and faculty from different disciplines are working together on the commercialization of emerging technology. In this way, it serves as an important role model for technology transfer at the University.

“Interdisciplinary collaboration is one of the most important elements for developing a healthy, active entrepreneurial community at the University of Michigan,” McCorquodale says. “Entrepreneurial-track courses are taught in the Business School, and student organizations
such as the Entrepreneur and Venture Capital Club encourage people to share information and resources, and to recruit others for new ventures. Together they create a very productive environment for entrepreneurship.”

McCorquodale has utilized the resources of the Business School and the Zell Lurie Institute in a number of ways. Through an MBA-level business-development course, he learned how to put together a comprehensive business plan. His due diligence paid off, enabling him to win his first business-plan competition. Things kicked into high gear a year later when the current team was assembled, bringing together the technology vision with the business expertise and execution.

Over the past three years, Mobius has raised money to support its operations by winning more than $130,000 in business-plan competitions and grants, including $20,000 from the Dare to Dream Grant Program. The company also received more than $50,000 worth of in-kind services. Tim Petersen, the Institute’s former managing director, and Paul Kirsch, program manager, provided coaching as the Mobius team polished its business plan and presentation. Kirsch also traveled with the team to competitions, and the Institute subsidized related expenses.

At the College of Engineering, Tim Faley, then director of the Technology Transfer and Commercialization Office, helped McCorquodale and Brown file patents for their developed technology. (Faley has since left that post to become the managing director of the Institute.) Karen Studer-Rabeler, assistant director of new business development in the University’s Office of Technology Transfer, familiarized the Mobius team with the technology-transfer process and the procedure for licensing their technology for commercial use. She also provided feedback on their business plan and attended preliminary meetings with prospective investors.

Michigan connections played out in other ways as well. In early 2002, Jim Vincke, who holds two mechanical engineering degrees in addition to an MBA from the University of Michigan, joined the company as CFO. “I was looking for something new after working at an Ann Arbor-based software company for three years, and I was very intrigued by Mobius’ technology,” he says. “It was an area that interested me and offered a lot of promise.” Vincke’s combined background in technology and business enabled him to formulate a financial strategy for the company, which hopes to generate $20 million in licensing revenue for its chip design by 2007. “Mobius is a team effort, and I wear a lot of different hats that go beyond the traditional CFO area,” he says. “That’s true with most small entrepreneurial ventures.”

An interest in entrepreneurial opportunities also attracted Jeff Wilkins, a recent MBA graduate, to the Mobius team. “I grew up in an entrepreneurial family and always had a strong interest in entrepreneurship and technology,” Wilkins explains. “I chose Michigan for my MBA because it offered the most well-rounded business education and an opportunity to get an understanding of the whole picture, which is critical for an entrepreneur.” Two years ago, he spotted an e-mail posting from McCorquodale that asked for help in writing a business plan for a start-up company. Intrigued by the technology, Wilkins responded and began working with the company in a business-development role.

Last summer, Mobius participated in the Zell Lurie Institute’s Marcel Gani Internship Program. This enabled the company to pay Wilkins and Wade Rushing for the entire summer. “They hit the streets, calling potential customers to ask about their interest and to determine where our technology would fit in their product line,” McCorquodale reports. Wilkins remained with the company and is now the chief operating officer.

Through the Zell Lurie Institute, Mobius has not only expanded its network within the entrepreneurial community but also has received leads on potential investors. “We have been positively received, but we want to bootstrap Mobius for a while before seeking outside investment,” McCorquodale says. The company’s goal is to make a first sale before engaging an angel or institutional investor.

However, many hurdles still remain. A licensing agreement with the University must be finalized. Prototype chips built separately by IBM Microelectronics and Taiwan Semiconductor Manufacturing Co. must be tested and refined. A new office in Ann Arbor must be opened and staffed. Marketing and financing strategies must be put into action.

“We’ve got a lot to do, but I’m not sure we could have done any of this without the Zell Lurie Institute,” McCorquodale says.
Academics and Practitioners Blend Theory and Experience

Twenty-two outstanding faculty members participate in the University of Michigan Business School’s Entrepreneurship program.

**Len M. Middleton**
Adjunct Lecturer
Entrepreneurial Management / Family Business

“My background includes owning and managing businesses for almost 20 years. In that time, I have worked with dozens of entrepreneurial companies at various stages of development and across different industries. My objective is to have the students in my course gain an understanding of what it takes to be an entrepreneur. Then they will have the knowledge and confidence either to start their own ventures or become ‘intrapreneurs’ within large corporations.”

**Vinay Gupta**
Adjunct Lecturer
New Venture Creation

“Having started a successful company in the past, and raised more than $25 million in venture capital, I am able to help students gain an appreciation for the real-world situations that every entrepreneur faces. Students have an opportunity to learn and practice validating a business concept. Once a concept is validated, they get practical experience in pulling together the financial, marketing and operational structures necessary to build a business.”

**Kenneth G. Hardy**
Adjunct Professor
Entrepreneurial Marketing

“I worked in a mid-size entrepreneurial company and later served on the boards of mid-size companies where I consulted and wrote cases. I teach strategies and tactics for growing small and mid-size companies rapidly without sacrificing profits and encourage students to try it. In class, we look at the unconventional thinking patterns of actual entrepreneurs and how they often can ‘make something out of nothing.’ I emphasize the owner’s involvement, broad responsibilities and speedy decision-making, and demonstrate how the resulting ‘nimbleness’ is a powerful natural advantage. Students polish their skills in creating growth strategies, beginning with a niche position and then selectively adding products and/or markets, while maintaining a solid focus on the firm’s core capabilities. Above all, I strive to build a can-do attitude and encourage students to bring their ideas and plans for businesses.”

**Cindy A. Schipani**
Professor
Legal Aspects of Entrepreneurship

“Before coming to Michigan, I practiced corporate and commercial law with Mayer, Brown & Platt in Chicago and Dickinson Wright in Detroit. My research specialty area is corporate governance. The skills I seek to impart to students involve understanding the law as it relates to entrepreneurial ventures. Law provides entrepreneurs with many opportunities for competitive advantage. In class, we examine the issues every entrepreneur should understand from start-up to IPO. These include the legal concerns that arise when you are leaving your current employer to start a business, creating an appropriate ownership structure, funding the venture, contracting with vendors and customers, hiring and retaining the best staff, protecting assets and going public.”

**Keith E. Alessi**
Adjunct Lecturer
Turnaround Management

“I have spent more than 20 years in senior-management positions in turnaround situations, and I bring that experience and perspective to the classroom. Besides teaching some of the technical ‘tricks of the trade,’ I try to get students to consider the personal and psychological aspects of turnaround situations. Turnarounds are stressful and can wear you down. I encourage students to maintain a sense of humor and self, and not to take themselves or the situation too seriously.”
Rosemarie Ziedonis  Assistant Professor  Intellectual Property and Competitive Strategy

“Through my research and work experience, I have examined the role and use of patents in industries such as semiconductors, biotechnology and chemicals. My involvement in international workshops and conferences on intellectual property rights has provided an entrée to executives responsible for managing intellectual property and leading scholars in this area. My goal is to use this background and my own expertise to ‘breathe life’ into course material, encouraging students to think more creatively and deeply about intellectual property as strategic assets while exposing them to new ideas and emerging issues. Through cases, conceptual readings and an in-depth individual project, students gain a deeper understanding of the strategic value of intellectual property and its use in controlling, defending or exchanging knowledge assets.”

Thomas S. Porter  Adjunct Lecturer  New Venture Management

I am the general partner of EDF Ventures, an Ann Arbor-based venture-capital fund, and a partner in three EDF funds with $120 million under management. I have founded five of the companies in the portfolio, including two where I sit as chairman of the board, and I have served as interim CEO for two life-sciences firms. In my Entrepreneurial Studies class, I utilize guest lecturers who are the CEOs of early-stage companies in various stages of growth to help students get a picture of how the management needs of these companies change quickly as they grow. The course readings also support this thesis. By discussing the people and management implications of changing needs as companies mature, students are able to anticipate, recognize and plan for change. They also gain better insight into their own skills and interests as these may relate to managing rapid-growth companies in the future.

William F. Pickard  Adjunct Professor  Urban Entrepreneurship

“My 30 years of entrepreneurial experience in urban areas began when I acquired my first McDonald’s restaurant in Detroit at age 28. I later expanded my holdings to seven McDonald’s franchises and then in 1985, I acquired the first of seven automotive-supply companies in the United States and Canada. In class, I build enthusiasm by telling students about the tremendous opportunities for entrepreneurial enterprises that are open to them in most urban areas and show them how they might effectively enter the market. I discuss ways to avoid some of the pitfalls and how to maximize the unique advantages of urban entrepreneurship. I also bring in guest speakers who are practitioners in the urban arena.”

James Price  Adjunct Lecturer  New Venture Creation

“Three words come to mind: useful scar tissue. I’m a serial entrepreneur by trade, who has started, run and gone through successful liquidity events with multiple technology businesses. I also coach entrepreneurs and start-up CEOs. Entrepreneurship is, by its very nature, an integrative exercise. When you’re building companies from scratch, a whole complement of business skills must be brought together holistically by an individual or small team in a very fluid, chaotic environment. To teach entrepreneurship effectively, there’s no replacement for being able to speak from years of experience, i.e., to pass on learning drawn from useful scar tissue. My course takes small teams of students through a semester-long exercise of conceiving, planning, launching and raising financing for a new enterprise. What they gain is a more intuitive feel for how to integrate their core MBA learning and apply it toward crafting a new business. At the end of the day, being successful as a real-world entrepreneur is all about moving beyond operating intellectually to the point of operating intuitively.”

Janet A. Weiss  Professor  Nonprofit Organization Management

“In today’s world, nonprofit managers need considerable skill and creativity to finance their organizations and to assess organizational performance in ways that are credible to potential funding providers. In teaching nonprofit management, I emphasize the entrepreneurial skills needed to start and grow a nonprofit organization. We focus in class on the tools and frameworks that help managers become effective at meeting the double bottom line, i.e., fulfilling their mission that serves the public and becoming financially self-sustaining in the nonprofit sector. My own research and experience in both the public and nonprofit sectors have helped to bring these challenges to life in student projects, classroom exercises and visits to campus by industry professionals.”
Prior to entering the MBA program at the University of Michigan Business School, Laura Whitridge worked as a management consultant at one of the Big Five consulting firms. At Michigan, she set her sights on exploring the small-company environment and the life of an entrepreneur.

“I wanted to see what it was like at the opposite end of the business spectrum,” Whitridge says. This past summer, she had that chance. Through the Institute’s Marcel Gani Internship Program, Whitridge was placed with TechStart, an internship program established by the Office of Technology Transfer. In TechStart, a dozen graduate students from different disciplines—including business, engineering, medicine, law and information technology—work in small, multidisciplinary teams on University technology-transfer projects, with input from the University of Michigan Tech Transfer New Business Development group, faculty inventors and industry mentors.

Whitridge was assigned to two new ventures, BonSante and Neural Intervention Technologies (NIT). BonSante, an early-stage health-services firm, is attempting to commercialize a database and predictive health-risk assessment model developed at the University’s Health Management Resource Center (HMRC). NIT is a College of Engineering spin-off company that has developed a medical device for the treatment of hemorrhaging stroke.

“TechStart provided a great opportunity to see the start-up and small-company spectrum of the market and to be exposed to a broad complement of companies in the early phases of development,” Whitridge says. “I gained an appreciation for working with team members from the Business School and other areas of the University who have diverse skills. I also made a lot of contacts in the Ann Arbor entrepreneurial community. If I decide I want to pursue working for start-up companies, I’ve got a good network.”

Dick Beedon, an Ann Arbor entrepreneur who is spinning out BonSante, says the TechStart interns provided a high-level competitive and market analysis. “They helped me understand what the business process is and what goes into creating a business model,” he says, Dee Edington, a professor of kinesiology and the director of HMRC, who compiled data on more than 2 million employees at 27 major corporations over 20 years, says he appreciated the professionalism of the student interns. “I’m a scientist, not a business person,” he says. “I was really impressed with Laura and her ability to seize the concept and translate it into spreadsheets and a business plan.”

At NIT, president and CEO Thomas A. Collet saw the need to resolve regulatory and reimbursement issues affecting the market potential of the company’s product design, which is being readied for clinical trials. The TechStart team succeeded in strengthening the firm’s business plan, identifying funding and setting up business operations.

“We were able to delegate some of the research and analysis to Laura, and she helped us understand the issues in greater detail,” he says. “She, in turn, got a pretty good idea of how to get a company up and running when there is very little money and you’re trying to pull together 20 things at the same time and the priorities are changing every week.”
MAKING WAVES:
Technology Start-up Steers Toward New Markets with Intern’s Help

On his lunch hour, University of Michigan MBA student James Green occasionally took a spin around the WaveCrest Laboratories parking lot on the Tidalforce M-750, an electric bicycle the Virginia-based company has developed and plans to market to consumers this fall. The firm’s goal, according to WaveCrest automotive product manager and Michigan alumnus Rick Eagle, MBA ’94, is to apply its innovative electric motor design to different transportation industries, such as automotive, personal and medical assistance. Up to now, however, the company has lacked the resources required for an in-depth exploration of different market possibilities.

Working as a summer intern through the Institute’s Marcel Gani Internship Program, Green was able to assist WaveCrest’s management by developing business cases around potential markets to help the company prioritize its opportunities. He also focused on creating a process for evaluating future opportunities, establishing a business-development presence at WaveCrest and analyzing competitors and acquisition candidates. Green’s undergraduate degree in industrial engineering and marketing experience with a software start-up company came in handy. However, he says he learned a lot about the challenges facing a three-year-old technology start-up.

“I’ve worked on many of the deals the company is now considering,” Jain says. “My due diligence formed the basis for decisions on where to invest and the conditions for the investment. I’ve also created a financial model that Blue Chip can use in the future for calculating the return on their investments.”

Blue Chip’s partner Tim Schigel says he is pleased with the technical background, relatively broad business perspective and entrepreneurial skills that Amit brought to the firm. “In addition to his assistance with market research and due diligence, he has built—a very sophisticated, elegant financial model that we can use for our decision making. This tool will help us evaluate companies for investment and determine the economics we have to propose for those companies to be successful.”

Jain’s IT background and previous experience with software-development companies, combined with his interest in technology-focused strategy and finance, motivated him to apply for a summer internship at Blue Chip. His work there has provided a good perspective of the venture-capital industry and has enabled him to sharpen his finance and strategy skills.

“My internship also has helped me build relationships within the venture-capital industry and gain insight into what it takes to create a successful company,” Jain says. “After graduation, I can leverage this learning to start my own company.”
GETTING LAUNCHED

MAY  1  2002

Today I am opening the doors of B.A. Maze, Inc., to sell the PurrFect Opener, a medicine-opening tool I’ve been designing for two and a half years. There is no ribbon cutting, no parties. It is now or never. My short-term goal is to bring this product to the marketplace for under $20,000. I plan to use the $10,000 grant I received through the Zell Lurie Institute’s Dare to Dream Grant Program, and I will try to restrict my monthly budget to $1,000 or less.

MAY  2

My goal is to reach 1 million units sold by the third year and to have three products in my portfolio. I plan to get my products into national pharmacies and grocery stores. I also will have an infomercial combining my PurrFect Opener with other products and will feature it on QVC. I will succeed and have fun along the way. Long term, I want to be Millionaire Mazur.

MAY  5

Wow, I had a 45-minute interview with a Wall Street Journal reporter! He wanted to buy the PurrFect Opener at Wal-Mart and asked how much it would cost. I said under $10. Would people pay more? Some would, but my marketing studies show that is the market price. I have my Web site, phone, provisional patent and trademark. Bring it on!

MAY  9

Today when my dad was using the PurrFect Opener, he noticed a flaw in the design. It was a concern, but I knew it could be fixed. I modified the design, but called my insurance agent to follow up on product-liability insurance.

MAY  12

I am thinking I have to treat this venture like a turnaround. Come in with a 90-day plan, present it to the board—me—and execute. As (adjunct lecturer) Keith Alessi said in class: In a turnaround, you have one shot.

MAY  15

Flipping through the TV channels and seeing the other infomercials, I start questioning my market price. Pricing ... aaaaaagh.

BUILDING MOMENTUM

MAY  31

Yesterday was a big day! I drove to Madison Heights to kick off the manufacturing of a component for the PurrFect Opener. Then I talked with my attorney about the contract with reseller to QVC. For the QVC order, the key is quality, but for the reseller contract, it is including a provision to back out of the deal. Afterward I drove to my new office in downtown Ann Arbor, which I was able to get as a Dare to Dream winner, compliments of the Zell Lurie Institute. My company name is on the wall! Yahoo! “B.A. Maze, Inc.” said real fast is “Be Amazing!”

JUN  23

Funny thing about trying to start a business on a shoestring: people say they’ll help, but they don’t have the same priority or timing.

JUL  9

Wow, I am climbing up the mountain of success but I don’t know where I am on the mountain. Today I worked on my Web site, which is primed for my marketing campaign.

REALITY CHECKS

JUL  17

I got to my booth at the Ann Arbor Street Art Fair at 10:15 a.m., and set the PurrFect Opener price at $10. Some people were interested, some said it was a nice product and some said they might buy it in 10 years, but not now. I sold 10 openers, and was pretty depressed. I had expected to sell a thousand at $10. Boy, was I grounded real quickly. Overall, I sold 150 at the Art Fair.

OCT  3

Yesterday was super cool. I was on a panel for the Entrepreneur and Venture Capital Club at the Business School. After the introduction, a group of eight students asked questions about how I started my company. It was a great feeling.

OCT  16

My first corporate customer, Henry Ford Retirement Village, agreed to buy 20 black and 30 orange PurrFect Openers! Uh, oh, now invoicing, collecting ... I have to develop a system.
It is a tough thing to do this alone, sharing the highs and lows with whom? Good thing for family and friends.

Tonight’s New Enterprise Forum, a monthly meeting of entrepreneurs, investors and University faculty (co-sponsored by the Zell Lurie Institute) was a good networking event. At the open mike, I said I was Bob Mazur, creator of the PurrFect Opener, and that I was looking for help in getting my product into Walgreen’s and CVS. Afterward people wanted to talk to me. One guy ordered an opener, and a lady called to see if we could do co-marketing.

I got the P.O. for 4,000 units from QVC. Exciting stuff, but I cannot get a hold of my manufacturer Frank to see when he could start. I am concerned about his responsiveness. This 4,000-piece order needs to be delivered on Jan. 13—that’s my main concern.

DREAM WORKS

I looked back at my five-year plan. My goal was to have a product to market within three years. It happened! By writing stuff down, believing in it and being persistent, dreams do become reality. I am living the dream—working on my own business, bringing my own product to market, and coming and going when I want. My final accounting numbers show I sold a few hundred PurrFect Openers and spent close to $28K to make it happen. I am still not drawing a salary, and my personal bank account is down to $2K. It is a month-to-month play, but I am not worried. I will survive.

I drove to the manufacturing plant in Grand Rapids. The material for the opener was in, but the workers didn’t start molding the QVC order until 3:30 p.m. Because the components were dusty, I requested extra glue be applied. I was really concerned about the appearance and the stickiness, so I did tests. At 10:00 p.m. the workers said everything was good, but I waited for the third shift. Glad I did. I decided to wipe each rubber piece off before assembling. At 5:00 a.m., I went upstairs and made a six-foot bed out of a stack of boxes. I slept for two hours and then returned to the assembly line.

SHOW BIZ

I went to the national housewares show and was amazed at the size. I discovered buyers were meeting with their existing customers but not doing much buying. I tried grabbing a buyer, but he didn’t want to talk to me. I was frustrated and wanted to rethink my strategy.

My friend Kris showed the PurrFect Opener to his neighbor, a Walgreen’s district manager. She said I could set up a table, show off the product and see how many sales I could get. It totally made my day!

I have been spending late nights working on the packaging because I didn’t want to pay $3,000 to $5,000 to a marketing company. Matt, an acquaintance, said I’m still thinking in the box. Back to the drawing board.

MAKING CONNECTIONS

My brother Mike and I met Paul Hogan, the CEO of Home Instead, who was a judge at the Nebraska Business Plan Competition where I was sponsored and coached by the Zell Lurie Institute. He said his company would be interested in purchasing 500 to 30,000 PurrFect Openers and gave us his card. The opportunity to get an audience with his marketing VP would have taken months. But it looks like it is going to happen. We got feedback suggesting we hire a financial guy, factor in different pricing to get realistic revenue projections, and look at different payment terms for our customers.

QVC will not be re-airing the PurrFect Opener until the holiday season, and there are 1,200 unsold units, which QVC wants to send back. When I talked to my reseller, Richard, he said he was going to try the other networks. Good thing my contract was C.O.D. for the first three orders, and if the 1,200 units aren’t shipped to me by March 15, all the money on the sale is mine.

I was at the office till 2:00 a.m. filling Web site orders. My time isn’t best spent doing this. I need to hire a fulfillment company or to create a system that speeds up the process.

PurrFect Opener is doing well. I am hitting my financial projections, but not my volume projections. I am buying some advertising and trade-show booth space. Wow, these expenses add up.

My goal was to have everything go through the Web site, and I found a way to do it. I approached my friend with a sales rep contract and price sheet, saying I would pay his expenses and give him a large profit margin.

The Walgreen’s district manager liked the PurrFect Opener and agreed to place the product, with point-of-purchase in 21 stores. Later she called to say other district managers saw the product and would buy it if the wholesale price were reduced by $1 and I agreed to specified shipping and payment terms. That would be 91 stores! Eek! I said I’d have to run the business model with his marketing VP would have taken months. But it looks like it is going to happen. We got feedback suggesting we hire a financial guy, factor in different pricing to get realistic revenue projections, and look at different payment terms for our customers.

My goal of national distribution by March 2004 is possible.
LOFTY GOALS: Outdoor Divas Scales a New Market

A business plan Michael Callas, MBA ‘02, wrote with three classmates in an Entrepreneurial Studies course during his second year at the University of Michigan Business School came to fruition last fall when Outdoor Divas opened just before Thanksgiving in downtown Boulder, Colorado. The new enterprise, co-owned by Callas and his partner, Kim Walker, is a women’s-only outdoor store. It offers products, apparel and education for women in a variety of outdoor sports, including climbing, hiking, kayaking, snowboarding and skiing.

“I had a gut feeling about the great opportunity in this area, but after completing my MBA at the Business School, I was able to confirm that it was a valid opportunity,” Callas says. “At Michigan, I developed a tool box of skills to analyze the market and to determine the best approach. I also came away with a better ability to look at the big picture and to understand the competitive environment outside my own organization.”

Callas selected Michigan for his MBA studies because it offered a strong entrepreneurial component with experienced faculty. “When I came to the Business School, my short-term goal was to head off and start my own business,” he says. “Previously, I had been involved in the outdoor industry and, after reviewing the options, I decided to return to it afterward.” Callas’ enthusiasm for starting a new venture was fueled by his interactions with entrepreneurial alumni when he served as co-chair of Entrepalooza. He also gained insights into a start-up business during an Entrepreneurial MAP team assignment with Ann Arbor-based Just Talk, a voice-recognition software company. The team conducted a market analysis and made market-entry recommendations for the firm.

“This project helped me understand the importance of how to apply market research,” Callas explains. “It was more of a hands-on experience than I received in the classroom.” He also benefited from participating in M-Trek, where he organized and led a small student group on a backpacking trip in Colorado.

Thus far, Outdoor Divas has been well received by both consumers and manufacturers, who recognize that the women’s outdoor market is underserved. “Our vision right now is to focus on building our educational offerings, establishing an online presence and, eventually, opening additional stores in other locations,” Callas says.

Michael Callas (MBA 2003) and Kim Walker, Co-founders, Outdoor Divas
SHIFTING GEARS:
Hill Partners Hones Its Acquisition Strategy

Adam Orlov, MBA ’01, has a savvy sense for investment opportunities, thanks in part to the practical experience he gained during his two-year stint on the student advisory board of the Wolverine Venture Fund. Today, as the managing partner of Hill Partners LLC, a Chicago-based group he formed in November 2002 with three of his Business School classmates, Orlov is putting his investment know-how to work.

“The Fund gave us a chance to use the tools we learned in the classroom,” Orlov says. “We evaluated business models, analyzed marketing strategies and tried to value companies. The investment decisions we made had to survive the scrutiny of the seasoned investors on our advisory board.” Orlov enhanced his networking and communication skills through his interactions with other board members, local venture capitalists and entrepreneurs.

He gained additional experience through an independent study project, under the direction of Institute Director Tom Kinneer, on the formation and operation of university-based venture-capital investment funds. His professional background as a sales engineer, investment banker and project manager for a private investor also proved valuable for launching Hill Partners.

Although Orlov’s investment activity has shifted gears slightly, away from venture capital’s focus on new products and rapid growth toward private equity’s emphasis on operating efficiencies, the basic strategy remains the same.

“Hill Partners’ objective is to acquire a low- to mid-tech firm in the specialized manufacturing sector that will benefit from the partnership’s operational and managerial abilities,” he explains. “We are considering both stable businesses and companies in turnaround mode.” Equity funding for an acquisition will be supplied by both individual investors and small private equity groups. To date, Hill Partners has considered 50 possible businesses, including manufacturers of defense equipment, industrial fixtures, precision gears and automotive supplies.

“You can’t stick to the status quo and hope to create real value, particularly in a turnaround,” Orlov observes. “You need an entrepreneurial approach and the ability to devise and implement new strategies.”