



Report-Fall 2006

# *Driving Venture Creation. Shaping Innovative Business Leaders.*

**Hands-on Impact: How Michigan's Samuel Zell & Robert H. Lurie Institute  
Creates an Exceptional Business Education Experience**

 **MICHIGAN**  
ROSS SCHOOL OF BUSINESS

Samuel Zell &  
Robert H. Lurie Institute  
FOR ENTREPRENEURIAL STUDIES

Center for Venture Capital &  
Private Equity Finance

## CONTENTS

2 Messages **Samuel Zell**, Equity Group Investments **Thomas C. Kinnear**, Executive Director

3-4 Institute Focus and Highlights

### 5-8 MILESTONES AND MENTORS: EXCEPTIONAL ALUMNI

**Howard Bell**, MBA '97, Tech Town **Mary Campbell**, MBA '79, EDF Ventures **Marcel Gani**, MBA '78, Juniper **Michael Hallman**, BBA '66, MBA '67  
**Steve Mariotti**, MBA '77, NFTE **Ravi Mohan**, MBA '96, Shasta Ventures **Tim Petersen**, MBA '98, Arboretum Ventures **Amy Wildstein**, BBA 1992, Boldcap Ventures

### 9-12 STRATEGIES AND SYNERGY: ACTION-BASED LEARNING

**Predrag Sukovic**, Xoran Technologies **Jeff McDaniel**, MS '97, MBA '97, Velocys **Bernard Haffey**, Intralase **Michael Nestor**, Nanobio **Christine Gibbons**, Sensicore  
**Girish Minocha**, ExImWare, Inc. **Michael W. Long**, Velcura Therapeutics

### 13-18 CATALYST AND CONNECTIVITY: DIVERSIFIED CAREER PATHS

**Joshua Botkin**, MBA '06, Space Weather Forecasting Technologies **Michael Callas**, MBA '02, Outdoor Divas **Michael Crowley**, MBA '05, Incept Biosystems  
**Maurice Frechette**, MBA '05, Zingerman's Mail Order **James Green**, MBA '04, University of Maryland **Paul Habibi**, MBA '03, Habibi Properties  
**Jennifer Hollingsworth**, MBA '02, Mandate Pictures **Manish Singhal**, MBA '04, MedCI **Eric Yang**, MBA '03, Valeries Crepes

**COVER:** **Joshua Botkin**, MBA '06, Space Weather Forecasting Technologies

In 2005 Josh teamed up with three doctoral students involved in research from the College of Engineering's Department of Atmospheric, Oceanic and Space Sciences, to advance technology with commercial potential. The team quickly began laying the groundwork for a new venture called Space Weather Forecasting Technologies. The idea behind the company is to provide localized forecasts of solar energy to operators seeking to protect their satellites, aircraft, oil pipelines and other assets from damage or disruption.



## MESSAGES

**Samuel Zell**  
Equity Group Investments

Entrepreneurial thinking is becoming a requirement for functioning in today's global economy. These days companies are connected by world-wide communications and have employees working all over the globe. The Web is linking continents and disseminating information to people everywhere. All these factors combined have made the business world much more competitive than it has ever been before. As a result, the value of entrepreneurial thinking and creativity has never been greater. Entrepreneurial talent is critical at every stage for startups, turnarounds and growth. In all areas, there is a premium for people who are able to think outside the box, independently come up with different solutions, and execute accordingly.

The great resources of the University of Michigan, particularly in engineering, science and medicine, provide a great advantage for the Zell Lurie Institute. We're starting to see new ventures being created as a result of the connection between the School of Engineering and the Institute. The same thing is happening at the Medical School. The whole idea is to commercialize new technology and to maximize the University's resources while at the same time providing an entrepreneurial learning environment for students.

Ross School of Business Dean Robert Dolan, who serves as president of the Zell Lurie Institute, has indicated that in order to "tick to the next level," the Institute must not only offer pragmatic educational experiences but also have an academic base. I think the Institute's next step is to start creating academic and intellectual challenges to key questions about entrepreneurialism. The more that is written and discussed, the more ideas will become distinguished and refined, and lead to an overall vision. In effect what we're doing is defining entrepreneurialism as a discipline. Because it is so new, however, entrepreneurialism has not had the academic support that other disciplines have had. Therefore, it is important not only to create opportunities such as entrepreneurial MAP and Dare to Dream grants, but also to create an intellectual base that is part of the total entrepreneurial-education process. I see that being accomplished by adding professors who are physically part of the Zell Lurie Institute rather than borrowed from other disciplines. This effort is intended to make entrepreneurial education a more integral part of the Ross School and the very unique environment that the University has created.

**Thomas C. Kinnear**  
Executive Director

Students who come to the University of Michigan to study business and entrepreneurship at the Stephen M. Ross School of Business and the Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies have one great advantage over their peers at other schools. That advantage is the University of Michigan itself. With research expenditures nearing \$800 million annually, Michigan is one of the nation's top research universities. It also has a long history of scientific discoveries that have contributed to economic growth and innovation. Over the years, the University and its research enterprise also have served as a key economic engine for the State. During 2005-2006, the Zell Lurie Institute worked diligently to enhance the value of the Michigan Advantage by building a critical mass of entrepreneurial education at the Ross School of Business and strengthening entrepreneurial connectivity across campus. Exciting new ventures were launched with Ross School students' help in conjunction with researchers in the fields of medicine, life sciences and engineering. Strategic investments were made by the Wolverine Venture Fund in promising early-stage U-M companies. Ross School alumni returned to campus to mentor students and to share their experiences in founding and running entrepreneurial companies, venture-capital funds and traditional business organizations. All in all, it was a productive and rewarding year, and we want to thank each and every one of you who contributed to that success.



## Driving Cross-Campus Connectivity of Entrepreneurial Ideas and Talent

Entrepreneurship gained increased momentum and visibility in 2005-2006. New educational initiatives and collaborations led by the Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies were energized by heightened enthusiasm and support for research discovery and commercialization across the University of Michigan campus and throughout the State of Michigan.

In a strategic move last fall, the Zell Lurie Institute merged with the Center for Venture Capital and Private Equity Finance (CVP) at the Stephen M. Ross School of Business, combining the dynamic talent and resources of the two organizations. The first expression of this synergistic union was the jointly sponsored 2006 Michigan Growth Capital Symposium (MGCS) in May, which brought together leading venture capitalists, investors and entrepreneurs with regional, national and international ties. David Brophy, who launched the first symposium 25 years ago, called this year's event the "biggest and best." He was honored for his pioneering role as the founder of MGCS.

*"The merger of the Zell Lurie Institute and CVP has unified our activities and coursework, making it clearer that what we are doing is a Ross School effort,"* says Brophy, associate professor of finance, who established CVP in 1994.

Another highlight of the past 12 months was the launch of the Collaborative Entrepreneurial Education Initiative, funded by a \$2 million gift from Warren ("Bud") P. Williamson III, a graduate of both the Ross School and the College of Engineering. The initiative is intended to promote joint business-engineering entrepreneurial education and new-venture creation. "Through the initiative, engineering students gain entrepreneurial-business experience, and business students are exposed to highly advanced knowledge about emerging technologies," explains Zell Lurie Managing Director Timothy Faley. *"The initiative also fosters interdisciplinary education and collaboration between the two schools."*

During the 2006 winter term, "Driving the Innovation Process," a new course focused on converting science into business enterprise, was offered for the first time to MBA students and graduate students from the College of Engineering. The course provides the tools and methodology for determining how market needs mesh with the benefits of new technology, and for bringing both elements together in a business hypothesis. *"The course was a great success, and students ranked it among the highest of the entrepreneurial-studies courses offered this past year,"* Faley reports.

To encourage the cross-pollination of entrepreneurial ideas and expertise between students from business and non-business disciplines, the annual Pryor-Hale business-plan competition was expanded into the Michigan Business Challenge and opened up to the entire University community. The Zell Lurie Institute also established the Williamson Business Plan Award for the best business-plan entry submitted by a combined business

and engineering team. *"We wanted to lower the barriers to students across campus and to encourage the re-teaming of business students with those from scientific fields,"* Faley says. The Michigan Business Challenge drew 40 teams and 100 students, a third of them from outside the Ross School of Business. Teams were coached at each round in the Challenge to help them refine their business plans and pitches. *"The feedback we received was terrific,"* Faley reports. *"The students loved the new format, and the re-teaming of business and non-business participants proved to be very successful."*

The Dare to Dream grant program added a new category in 2006 to provide greater financial support for entrepreneurs in the "opportunity phase" of new-venture creation. Grant applicants in this category must submit a business hypothesis, created by mapping both the technology space and the community space, and then meshing market needs with technological benefits to derive a marketable product. *"By breaking Dare to Dream into phases centered on identifying opportunities, assessing business hypotheses and writing business plans, we hope to get more business concepts into the pipeline and better products coming out the other end,"* Faley says. *"This year five engineering teams competed in the opportunity phase. Next year, we expect even more."*

Over the past year, the \$3.5 million student-led Wolverine Venture Fund fueled entrepreneurial enterprise by making strategic investments in three young companies, HandyLab, Rhevision and NanoBio. Ross MBAs conducted their due diligence and investment analysis under the guidance of faculty advisors, who are professional investors themselves. This mentorship afforded valuable insights into venture-capital investing and generated key contacts within the industry.

Entrepreneurial-studies students also had opportunities during 2005-2006 to work "down in the trenches" with entrepreneurs in startup ventures through entrepreneurial and international MAP (multidisciplinary action project) assignments, Marcel Gani summer internships and TechStart placements. Kenneth Nisbet, executive director of the University's Office of Technology Transfer, views the partnering of the Zell Lurie Institute with the University's research-commercialization arm as a win-win for both organizations. *"It is our responsibility to commercialize research discoveries at the University, and we have a professional staff that directs that process,"* says Nisbet. *"Our projects offer great hands-on learning opportunities, so we collaborate with the Institute to involve students in real-world entrepreneurial enterprises."*

Nisbet reports all areas of the University are interested in the innovative process and in working with the business community to bring out research discoveries for the benefit of the public. The University, he adds, has stepped up its own efforts to engage industry and government in efforts to commercialize research and move new products to market. Concurrently, the entrepreneurial landscape in the state of Michigan, now in the



#### AT A GLANCE 2005-2006 ZELL LURIE INSTITUTE HIGHLIGHTS

threes of economic transition, has been enriched by several fairly recent developments. The Michigan Venture Capital Association, founded by a group of venture-capital and private-equity investors in Michigan, serves as the state's premier public-policy advocate for the venture-investing industry and seeks to promote entrepreneurship and private-equity investment. Another initiative, the Venture Michigan Fund (VMF), was established for the purpose of investing in venture-capital funds that have a significant presence in Michigan and are willing to invest in Michigan-based startup companies engaged in research, technology and new-product development. Zell Lurie Executive Director Thomas C. Kinnear also serves as VMF board president.

Finally, last November Governor Jennifer Granholm signed into law the 21st Century Jobs Fund, which is intended to support economic diversity, high-tech businesses and jobs. "Michigan is going to be a hotbed of high-tech innovations moving from our great research centers to the marketplace," predicted James Epolito, president and CEO of the Michigan Economic Development Corporation. His prediction came true in July when Internet giant Google Inc. announced plans to establish a major new corporate presence in the Ann Arbor area, which will create 1,000 direct and more than 1,200 spin-off jobs during the first five years.

In the future, Nisbet anticipates the parallel and collaborative University, State and industry initiatives will help to attract and retain talented student entrepreneurs and engage them in the innovation process. "The Zell Lurie Institute serves as the key resource in that process by educating future generations of entrepreneurs and connecting them to entrepreneurial opportunities on campus and throughout the global business community," he says.

**The Samuel Zell Scholarship and Mitchell Mondry Scholarship Awards provided 12 second-year MBAs with \$5,000 each toward their tuition. In addition, three first-year MBAs were provided with \$10,000 each toward their tuition.**

**The Wolverine Venture Fund made four new investments in the following companies: HandyLab, Inc., Nanocerox, Inc., Rhevision Technology, and NanoBio.**

**The Marcel Gani summer internship program placed 24 MBA students at 19 companies, including five venture capital / private equity firms.**

**MAP placed 43 first-year MBA students on site at ten start-up companies throughout the U.S. and at incubators in Ireland.**

**The Institute sponsored and coached 16 student teams at 20 competitions. Michigan teams took home more than \$57,000 in prize money.**

**The Dare to Dream grant program for student start-ups awarded \$68,000 to selected student applicants to develop their business concepts while earning their degree.**

**The Entrepreneur & Venture Club hosted 16 events focused on new business development and funding, which featured national guest speakers.**

**The annual entrepreneurship 'Entrepalooza' symposium and the 25th Michigan Growth Capital Symposium, drew hundreds of attendees from the University and from across the U.S.**

## MILESTONES AND MENTORS: EXCEPTIONAL ALUMNI

THROUGH THE ZELL LURIE INSTITUTE, ROSS SCHOOL OF BUSINESS STUDENTS ARE ABLE TO TAP THE TIME, TALENTS AND VISION OF SUCCESSFUL ALUMNI WHO HAVE ACHIEVED SIGNIFICANT PERSONAL AND PROFESSIONAL MILESTONES IN THEIR ENTREPRENEURIAL AND CORPORATE-BUSINESS CAREERS. THESE OUTSTANDING INDIVIDUALS, SEVERAL OF WHOM ARE PROFILED IN THIS SECTION, NOT ONLY LEAD BY EXAMPLE, BUT ALSO SERVE AS MENTORS WHO SHARE THEIR OWN WEALTH OF EXPERIENCES, OFFER GUIDANCE TO ASPIRING ENTREPRENEURS THROUGHOUT THE VENTURE-CREATION PROCESS, AND CONNECT BUSINESS STUDENTS TO A POWERFUL NETWORK OF MORE THAN 38,000 ROSS SCHOOL ALUMNI.

**Howard Bell, MBA '97**  
Executive Director, TechTown

**Mary Campbell, MBA '79**  
General Partner and Founder, EDF Ventures

### GUIDING THE DEVELOPMENT OF ENTREPRENEURIAL COMPANIES

### DESIGNING A REAL-WORLD EDUCATIONAL EXPERIENCE



Photography: left to right - Douglas Schaeble, Martin Vloet

My greatest accomplishment is leading the creation of TechTown, a 12-city-block research and technology park, founded four years ago by Wayne State University, General Motors Corp. and Henry Ford Health Systems. As a nonprofit organization, TechTown is pro-actively creating and attracting to Detroit fast growing, next-generation life-sciences and technology companies in non-automotive, non-manufacturing industries. **AS THE LEAD EXECUTIVE, THIS HAS BEEN AN AMAZING OPPORTUNITY FOR ME TO GUIDE THE DEVELOPMENT OF MORE THAN 30 ENTREPRENEURIAL COMPANIES, INCLUDING ONE THAT JUST WENT PUBLIC IN JANUARY. SLOWLY, BUT SURELY, TECHTOWN HAS GOTTEN ONTO THE RADAR SCREENS OF INFLUENTIAL GOVERNMENT POLICY MAKERS AT THE STATE, LOCAL AND NATIONAL LEVEL.** My Michigan MBA prepared me to think across different disciplines and to transition from real-estate development and construction to organizational management and entrepreneurial planning and execution, as my leadership role with TechTown has continued to evolve. This past spring, we were privileged to have the assistance of four MBA students from the Ross School of Business through the entrepreneurial MAP program. Over an eight-week period, they analyzed TechTown's business processes and recommended strategic solutions for creating a more thriving entrepreneurial community and a better set of support services. One of their suggestions was to promote the clustering of companies in specific industries in order to create more synergies between product and service suppliers and customers. My advice to entrepreneurs is to create a plan for what you want to do with the understanding that it will change multiple times as you operate your business. And don't get so caught up in the planning stage that you never launch the venture. Your success depends on your level of determination and how quickly you can adjust to the ever-changing business environment.

As an alumna, my favorite way of giving back to the Ross School of Business is by contributing my time, talent and treasure to the Wolverine Venture Fund. As a founding and continuing member of the WVF advisory board, I am able to share what I have learned, and to learn more in the process. Over the course of a student's two years in the Ross School, we can collectively assess multiple investment opportunities with the goal of formulating a process for identifying what makes an opportunity a viable investment. I've found the biggest challenge to be designing a real-world educational experience for a student who is actively engaged with the Fund for only a year or two when the average life of an investment exceeds five years. Ironically, I didn't touch the world of venture capital during my own MBA years, in part because there wasn't much to touch in those days. Courses in venture capital barely existed, and entrepreneurial endeavors were categorized as "small business." I used what I learned in my MBA program to begin a career as a lender in commercial banking, hoping to engage with emerging companies through that role. Fortunately for me, the bank where I worked had a sister company that was a captive venture-capital fund. In the mid-1980s, I orchestrated a transfer to that subsidiary. **IN THE LATE 1980S, I CO-FOUNDED A PRIVATE VENTURE-CAPITAL PARTNERSHIP, EDF VENTURES, AND WE RAISED OUR FIRST VENTURE FUND IN THE MID-1990S. TODAY WE HAVE \$125 MILLION UNDER MANAGEMENT AND AN ACTIVE PORTFOLIO OF 20 EARLY-STAGE COMPANIES FOCUSED ON HEALTH CARE AND INFORMATION TECHNOLOGIES.** I sit on the boards of five of our portfolio companies. We are currently investing from our third venture fund. Without a doubt, I have the best career on the planet!

**Marcel Gani**, MBA '78  
Chief of Staff, Juniper Networks

### INSTILLING A CULTURE OF PROFITABILITY



Photography: left to right - Steve Skoli, Rick Dahms

**MY GREATEST ACHIEVEMENT WAS HELPING TO BUILD JUNIPER NETWORKS FROM A 40-PERSON COMPANY IN 1997 TO A PROFITABLE FIRM WITH 3,000 EMPLOYEES AND MULTI-BILLION-DOLLAR REVENUE. I INSTILLED A CULTURE OF PROFITABILITY THROUGHOUT THE COMPANY DURING THE 1999 TO 2000 DOT-COM ERA WHEN THIS WAS OUT OF FASHION.** Juniper Networks turned profitable quickly after shipping its first product and remained profitable (on a non-GAAP basis) for all but one quarter, even during the telecom downturn in 2001. Shortly after the IPO, we also raised over \$1 billion, the most money raised by a high-tech company at that time through a secondary offering followed by a convertible bond. My education at the University of Michigan has served as the basis for my success in the business world. However, when I was going through my MBA program, the emphasis was on large companies, mostly those based in Detroit, not on high-tech startups and entrepreneurship. The Zell Lurie Institute under Executive Director Thomas Kinnear's leadership is changing that. I wanted to give something back to the University, so it seemed only natural to augment Zell Lurie's efforts and to provide students who have the entrepreneurial bug with help to move in that direction. My advice to entrepreneurs is: Don't be afraid of risk, trust your instincts. I jumped into many unknown situations because I liked the people — they were smart and had a great idea. Even if their idea was not spot on, I believed that working together we would figure out the right thing to do. When I joined Juniper Networks, there was no business plan and no product, but there were many great ideas under development. It seemed like a crazy decision at that point in my career to go back to an early-stage startup, but I figured the opportunity was high risk/high reward with smart people I liked. It turned out to be a fantastic journey!

**Michael Hallman**, BBA '66, MBA '67  
Founder and President, The Hallman Group

### THINKING GLOBALLY ABOUT PRODUCT AND SERVICE OFFERINGS



When people think about the Zell Lurie Institute, they usually associate entrepreneurship with small business. However, I spent most of my career with three large companies. For 20 years, I worked at IBM where I was vice president of field operations. I spent three years as president of Boeing computer services, and I worked at Microsoft for three years as president and chief operating officer. Then I made the transition to working with small companies, as an investor, board member and sometimes an operating officer. In 1994, I founded the Hallman Group, which now provides consulting services focused on marketing, sales, business development and strategic planning for the information-systems industry. I believe one of the chief reasons I was successful at the three large, well-established companies was because I was an entrepreneur in an environment that is not normally thought to be entrepreneurial. **I'M PROUD TO HAVE BEEN INVOLVED IN A NUMBER OF LEADING-EDGE TECHNOLOGIES AT CRUCIAL TIMES IN THESE FIRMS' EVOLUTION. I WAS AT IBM DURING THE GROWTH OF THE COMPUTER INDUSTRY. I WAS AT BOEING WHEN COMPUTERS WERE FIRST USED TOTALLY TO DESIGN AND TEST A LARGE COMMERCIAL AIRPLANE, THE BOEING 777. AND I WAS AT MICROSOFT WHEN IT TRANSITIONED TO THE WINDOWS OPERATING SYSTEM.** I think the key trait of an entrepreneur is to be willing to challenge established, historical ways of thinking and to try new ways of doing business that keep companies more agile and competitive. My advice to entrepreneurs is to think globally about product and service offerings in terms of outsourcing and competition. Be sure to gain a thorough understanding of the competitive landscape. Assume your competitors can be as agile, creative and aggressive as you are. Further, always be mindful about creating absolutely delighted customers. Make sure your plans include sufficient contingencies for dealing with realities in the operation of your business. Remember cash is king

## MILESTONES AND MENTORS: EXCEPTIONAL ALUMNI

**Steve Mariotti**, BBA '75, MBA '77

President and Founder, National Foundation for Teaching Entrepreneurship

### EDUCATING 160,000 ASPIRING ENTREPRENEURS



One of my greatest successes was graduating from the Ross School of Business. I loved the school and I was very proud to be a graduate. I returned for my MBA, and the knowledge and contacts I gained have been mainstays of my professional life. I used what I learned in Professor Larue Hosmer's class on small-business management in 1987 when I founded the National Foundation for Teaching Entrepreneurship, one of the major highlights of my career. **NFTE TEACHES ENTREPRENEURSHIP TO LOW-INCOME YOUNG PEOPLE SO THEY CAN BECOME ECONOMICALLY PRODUCTIVE MEMBERS OF SOCIETY. OVER THE PAST 19 YEARS, THE ORGANIZATION HAS BECOME A GLOBAL MOVEMENT, EXPANDING ITS REACH TO 17 COUNTRIES AND EDUCATING 160,000 ASPIRING ENTREPRENEURS.** I've incorporated the values and ideas I learned at the University of Michigan, making NFTE one of the most successful social enterprises in my generation. It's extremely important for the Ross School and the Zell Lurie Institute to maintain a supportive culture for small-business development, particularly in southeast Michigan and other areas of the state. The future depends on how well the small-business community fares. NFTE has hosted summer interns through the Domestic Corps program, and I have returned to campus to talk about our organization's work. My selection as Entrepreneur of the Year in 1999 by the Zell Lurie Institute was a great honor for me. To date I have authored or co-authored 21 books and manuals for high school kids on how to start a business. Nearly 500,000 copies of my books are now in print. My best advice to young entrepreneurs is to create, not compete. Find your own unique niche, based on your competitive advantage, and try to be the best you can. When I started my career, I found my special niche of teaching at-risk youth, something nobody else was doing. I attribute my success to the fact that I always hire well, seeking out people who are smarter and better than I am. And I always treat people well, because when you are kind and good to others, your generosity does come back around to you.

**Ravi Mohan**, MBA '96

Co-founder and Managing Director, Shasta Ventures

### ESTABLISHING A GOOD TRACK RECORD



**IN 2004, I CO-FOUNDED SHASTA VENTURES, A VENTURE-CAPITAL FIRM IN MENLO PARK, CALIFORNIA. DURING THE FIRST SIX OR SEVEN MONTHS, MY PARTNERS AND I RAISED \$210 MILLION, WHICH WE SUBSEQUENTLY HAVE INVESTED IN 12 EARLY-STAGE TECHNOLOGY COMPANIES.** I feel we have done a good job of building our brand in the entrepreneurial ecosystem and are delivering on what we told our limited partners we would do, namely, investing in series A and B projects and co-investing with other high-quality VC firms. Many of these early-stage investments take five to seven years to become successful, so it is still too early to gauge the results. Previously, I spent eight years as a general partner with Battery Ventures, a dual-coast venture-capital firm, where I led eight investments and served on the boards of 12 software and technology-enabled service companies. It was challenging to break into the venture-capital business, but my timing was good and I was lucky to have applied to the Kauffman Fellows program, which provided my pathway into venture investing. I also had the good fortune to work in a great firm with talented mentors. This helped me to achieve significant success and to establish a good track record. I would advise business-school graduates seeking to enter later-stage venture investing to take a job at a later-stage VC firm that offers a career path. Those who are interested in early-stage venture investing should focus on gaining experience in a successful startup and building relationships with high-quality early-stage investors. In addition to my professional activities, I contribute my time and expertise to the Zell Lurie Institute because I am passionate about programs that foster entrepreneurship. Zell Lurie stands out with its global focus and emphasis on developing leadership. I participate in Zell Lurie-led initiatives by making presentations to groups of students as well as by evaluating companies at the annual business-plan competition.

Photography: left to right - Mark McQueen, Steve Stoll

**Timothy Petersen, MBA '98**  
Managing Partner, Arboretum Ventures

### RAISING A FIRST-TIME VENTURE-CAPITAL FUND



Photography: left to right - Douglas Schabille, Mark McQueen

**MY GREATEST ACHIEVEMENT TO DATE IS RAISING ARBORETUM VENTURES' FIRST FUND WITH MY PARTNER JAN GARFINKLE. RAISING A FIRST-TIME VENTURE-CAPITAL FUND IS EXTREMELY DIFFICULT, AND WE PICKED A TOUGH TIME TO DO IT IN A POST-9/11, POST-STOCK-MARKET-BUBBLE ENVIRONMENT. THERE IS NO REAL MAGIC IN HOW WE SUCCEEDED. WE SURROUNDED OURSELVES WITH EXCELLENT ADVISORS, DEVELOPED A GOOD STRATEGY AND STUCK WITH IT.**

Over a two-year period, from 2003 to 2004, we succeeded in raising \$24 million. Currently, we're invested in 10 health-care startups, and I sit on four boards of directors. We've seen significant progress in the entire portfolio, and one company already has gone public. We anticipate 2007 and 2008 will be big years for the sale or initial public offerings of many of our other companies. We also are in the planning stages for Arboretum II, which is expected to be three times the size of the first fund. MY accomplishments during the years 1999 to 2003 when I served as managing director of the Zell Lurie Institute and director of the Wolverine Venture Fund are also highlights of my career. When the Institute was established seven years ago, there wasn't much furniture in our office and no staff, there was only dedication to an innovative idea. Yet, working with talented colleagues, such as Executive Director Tom Kinnear, we built out the Zell Lurie program offerings, solidified the WVF, and created an entrepreneurial-studies organization that has become a role model for other universities. Today, I serve on the WVF advisory board and stay involved with the Michigan Growth Capital Symposium and the Healthcare and Life Science Club. Arboretum Ventures has sponsored summer interns and just hired an associate who was one of my former students on the WVF. I think students should recognize that being an entrepreneur and working in entrepreneurial companies is really a career choice, not something you do for a few years in an attempt to hit it big. My advice is to use the resources of the Zell Lurie Institute to see if you enjoy the entrepreneurial process. If you do, the inevitable setbacks will simply be obstacles to overcome, rather than insurmountable challenges. There is nothing I would rather be doing.

**Amy Rosen Wildstein, BBA '92**  
Fund Manager, Boldcap Ventures

### EXPOSING MORE WOMEN TO VENTURE CAPITAL



**ONE OF MY CAREER HIGHLIGHTS HAS BEEN CO-CREATING BOLDCAP VENTURES, THE FIRST VENTURE-CAPITAL FUND WITH ALL WOMEN INVESTORS. OUR INVESTORS ARE 40 LEADING BUSINESS WOMEN WHO FORM A POWERFUL NETWORK OF HUMAN CAPITAL.**

We like to think of it as the female equivalent of the "old boys" network characteristic of the venture-capital industry. Since launching the fund in 2001, we have been amazed at the value of this differentiation, which gives us an edge in sourcing new deals and opening the doors of opportunity for our portfolio companies. From a sourcing standpoint, we tend to see the lion's share of the opportunities to invest in companies run by women as well as those that target women, although neither is a requirement for the fund. We focus on early- to mid-stage companies in the media, technology and life-sciences sectors, and to date we have invested in seven companies. In addition to Boldcap, I also am involved with other organizations aimed at helping women entrepreneurs, including Springboard Enterprises, Golden Seeds and Ladies who Launch. For me, the opportunity to get my business education as an undergraduate student at the University of Michigan was critical. It allowed me to jump-start my career, land a highly coveted job in private equity right out of college, and avoid the interruption of going to graduate school later on. I also was able to get 10 years of work experience in my field before starting a family in my early 30s. My first job in 1992 was as a financial analyst at the Blackstone Group. I then joined the private-equity group of Morgan Stanley. Progressively, I became more interested in early-stage companies specializing in life sciences and technology. In 1999, I helped to found the venture-capital fund Solera, and the following year I joined Boldcap. Coincidentally, I met my husband, Evan Wildstein, BBA '93, at Michigan. He is now a partner with the private-equity fund of Kolhberg & Company.



## **STRATEGIES AND SYNERGY: ACTION-BASED LEARNING**

ZELL LURIE INSTITUTE ACTION-BASED LEARNING PROGRAMS IMMERSE ROSS SCHOOL STUDENTS IN ENTREPRENEURIAL ENVIRONMENTS AT UNIVERSITY OF MICHIGAN SPINOUTS, EARLY-STAGE TECHNOLOGY COMPANIES AND VENTURE CAPITAL FIRMS. THROUGH MARCEL GANI INTERNSHIPS AND ENTREPRENEURIAL OR INTERNATIONAL MAP (MULTIDISCIPLINARY ACTION PROJECT) ASSIGNMENTS, FOR EXAMPLE, STUDENTS ARE ABLE TO APPLY BUSINESS FUNDAMENTALS FROM THE CLASSROOM TO REAL-WORLD ENTREPRENEURIAL SITUATIONS. AT THE SAME TIME, ROSS STUDENTS ASSIST ENTREPRENEURS BY RESEARCHING AND DEVELOPING SOUND BUSINESS STRATEGIES THAT STRENGTHEN THE UNDERPINNINGS OF YOUNG COMPANIES AND SUPPORT THEIR GROWTH. THIS SYNERGY HAS HELPED TO ADVANCE THE COMPANIES PROFILED HERE WHILE AFFORDING ROSS STUDENTS A VALUABLE OPPORTUNITY TO TEST THE ENTREPRENEURIAL WATERS.

### **Predrag Sukovic, Xoran Technologies EMERGING AS AN INNOVATIVE LEADER**

Over the past five years, Xoran Technologies has emerged as an innovative leader in the medical-imaging landscape and has set the gold standard for point-of-care CT scanning. The firm, which was spun out of the University of Michigan in 2001 by Predrag Sukovic, then a 2002 Ph.D. candidate in biomedical engineering, and his academic advisor, Neal Clinthorne, a senior research scientist in the Department of Radiology at the School of Medicine, has blossomed into a robust commercial enterprise with more than 40 highly skilled, customer-focused employees and a team of nationally recognized medical, scientific and business advisors. “Working directly with the Zell Lurie Institute has benefited Xoran by providing us with young, ambitious students who are eager to apply what they have learned in their MBA program in a real-world context,” says company spokesperson Rohini Rebello-D’Souza. **A TEAM OF MBA STUDENTS IN AN ENTREPRENEURIAL-STUDIES COURSE ASSISTED SUKOVIC IN WRITING A PRELIMINARY BUSINESS PLAN FOR XORAN, AND A \$20,000 DARE TO DREAM GRANT AWARD FROM THE ZELL LURIE INSTITUTE ENABLED THE STARTUP TO BRIDGE A GAP IN FUNDING AND ENLARGE ITS STAFF.** Savvy entrepreneurial-minded summer interns brought a fresh perspective to the company, and the ongoing support of the Institute made the action-based learning process a worthwhile, advantageous effort. In 2002, Marcel Gani intern Mark Wenger worked directly with Sukovic, now company president, on strategic planning and finance. “Mark got experience in an entrepreneurial setting by drafting a business plan that included financial analysis and a general marketing strategy,” explains Rebello-D’Souza. “Through his ideas, Xoran was able to gain greater insight into its future in the medical-device industry.” The following year, intern Manish Singhal conducted market research and customer analysis to help Xoran refine its marketing plans and forge a path to future opportunity. “By immersing himself in the research and planning process at Xoran, Manish ultimately learned what it takes to start and maintain a successful business,” Rebello-D’Souza remarks. She says Xoran’s “pioneering spirit and meticulous work ethic” were responsible for transforming the young company into a technological leader. “Our dynamic employees and our passionate commitment to customer service and patient care define our company’s culture,” she says. “We aspire to continue our excellence in everything we do.”

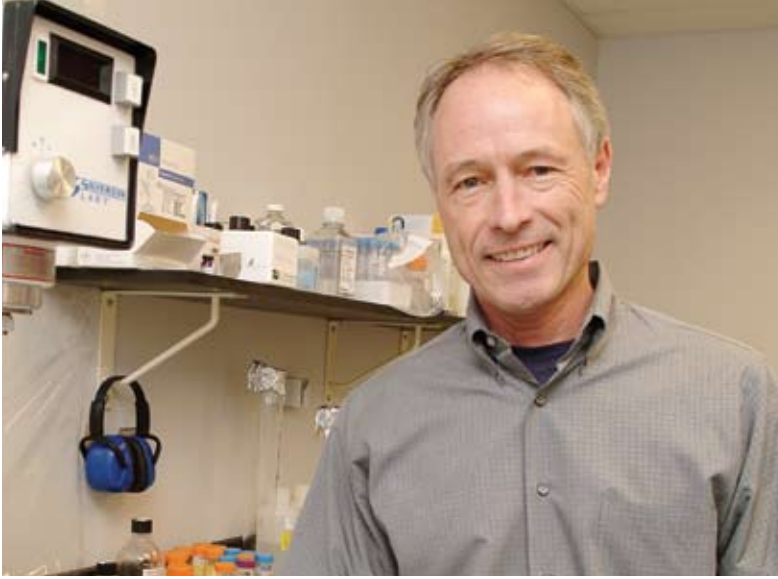


**Christine Gibbons, Sensicore**  
**EXPLORING NEW APPLICATIONS FOR SOLID-STATE SENSORS**

Like many startups in the Ann Arbor area, Sensicore can trace its roots to the University of Michigan's research and business community. Richard Brown, the company's scientific founder and currently an adjunct faculty member in the Department of Electrical Engineering and Computer Science at Michigan, developed the fundamental patents that enabled the development of solid-state sensors for liquid profiling. Today Sensicore's cost-effective, disposable micro-sensor offers faster, more accurate solutions for monitoring and testing the quality of water for municipalities and industrial users. The company was co-founded in 2000 by Brown in partnership with the Ann Arbor-based venture-capital firm Ardesta, started by Richard Snyder, MBA '79. Christine Gibbons, who was then vice president of finance at Ardesta, worked with the incubator team that guided the startup through its launch and first year in operation. She left Ardesta in 2002 to become Sensicore's chief financial officer. Over the past few years, Sensicore has participated in several Zell Lurie Institute-sponsored programs, including the 2003 Michigan Growth Capital Symposium where the company presented during its search for series B financing. "From a networking perspective, we made connections and gained a greater presence in the local investment community," Gibbons says. **TWO YEARS AGO, A MARCEL GANI SUMMER INTERN ASSISTED THE COMPANY IN WRITING A REQUEST-FOR-PROPOSAL TO BUILD OUT ITS WEB SITE. "THE INTERN HELPED US REFINE OUR MARKETING MESSAGE, SPECIFY THE PROJECT, IDENTIFY AND SCREEN POTENTIAL VENDORS AND GO THROUGH THE BIDDING PROCESS," GIBBONS RECALLS.** "Working closely with our marketing director, he learned how to capture our message in Web format and find the right people to put it in place. It was a meaningful real-life experience." There were challenges, however, and the company and student parted ways before the internship period ended. "The appeal and reality of a startup are sometimes miles apart," Gibbons explains. "As an entrepreneur in a startup organization, you have to wear several hats and do your share of the grunt work. For some students, that's not a good fit."

**Bernard Haffey, IntraLase Corp.**  
**BENEFITING FROM SCIENTIFIC, TECHNOLOGICAL AND BUSINESS TIES**

Throughout its formation and development, IntraLase Corp. has benefited from its scientific, technological and business ties to the University of Michigan, the Ross School of Business and the Zell Lurie Institute. The Irvine, California-based manufacturer of a specialized ophthalmic laser for LASIK eye surgery is originally a spin-out of the College of Engineering and the Kellogg Eye Center. At the time the company was formed in 1997, the lead investor was EDF Ventures, a venture-capital firm founded by Tom Porter, who teaches an entrepreneurial-studies course on new-venture management at the Ross School and was named the Zell Lurie Institute's first executive-in-residence last year. "What Tom brought to the two founders was an approach to company formation focused on intellectual property and technology development," says Bernard Haffey, who joined IntraLase in 2002 as executive vice president and chief commercial officer. "With the benefit of Tom's counsel, the company successfully obtained patent licenses for its technology from the University, as well as from other parties." **MICHIGAN MBA STUDENTS LEADING THE THEN-NEWLY FORMED WOLVERINE VENTURE FUND CONDUCTED DUE DILIGENCE AND SELECTED INTRALASE FOR THE FUND'S FIRST INVESTMENT IN MAY 1998, A TIME WHEN BOTH THE POTENTIAL RISKS AND REWARDS WERE HIGH. THE COMPANY WENT PUBLIC IN OCTOBER 2004, RAISING \$100 MILLION, AND THE STUDENTS' INITIAL INVESTMENT RETURNED \$1 MILLION TO THE FUND.** It was a time for celebration. "I think the students learned a lot about the importance of market size, competitive advantage and business planning from observing and working with Tom as he guided them through the due-diligence and investment process," Haffey says. Appearing at the Zell Lurie Institute's Emerging Industry Symposium in 2004, Haffey fielded questions from students about the linkage between technological advantage and a company's business model. "My message was to be aggressive in terms of how you develop the model for your business," he recalls. "The higher your competitive advantage, the more you can dictate your business model."



Photography: left to right - Douglas Schaeble, Larry Hamill

Michael Nestor, NanoBio

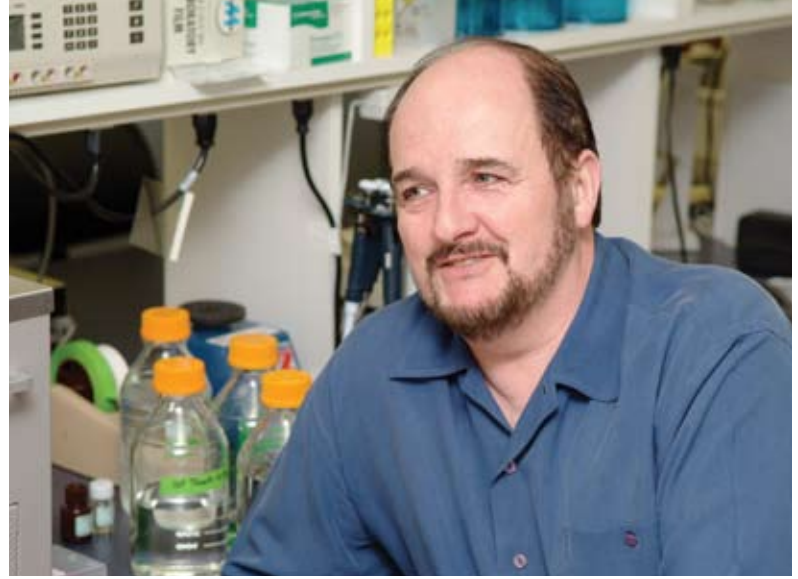
### ACCESSING VALUABLE BUSINESS RESOURCES

In March 2006, the student-led Wolverine Venture Fund at the Ross School of Business made a \$100,000 investment in NanoBio, a biotechnology startup spun out of the University of Michigan in 2000. The company is developing anti-infective products for topical administration as well as vaccines for mucosal administration, all based on a proprietary oil/water emulsion platform licensed from the University. The nano-scale emulsion platform technology was developed by a research team led by Dr. James R. Baker Jr., whose academic credentials at the University's Medical School and College of Engineering span the specialty areas of biologic nanotechnology, internal medicine, allergy/immunology, pathology and biomedical engineering. "The Wolverine Venture Fund's investment was part of an overall infusion of angel investment at that time," says Michael Nestor, who joined NanoBio in 2004 as CEO and a member of the board of directors. "This overall investment allowed us to continue operations while we were looking to close on a round of institutional funding." (The company ultimately closed on a \$30 million investment with a Washington, D.C.-based private-equity firm, Perseus LLC.) Nestor met beforehand with students from the Wolverine Venture Fund to discuss the details of the investment opportunity. He says he was impressed with their professional approach to the investment and the high caliber of questions they asked. The students, for their part, gained new insight into the workings of a biotech startup. "They learned about the issues we face and developed an appreciation for the challenges and opportunities a company encounters in attempting to bring new technology to market," Nestor adds. **LAST SUMMER, NANOBIO HOSTED AN MBA STUDENT INTERN, DR. DAVID HARES, A PHYSICIAN FROM ARGENTINA, WHO HELPED THE COMPANY EVALUATE POTENTIAL TARGET DISEASES WHERE ITS PLATFORM MIGHT BE APPLICABLE. "FOR A SMALL, (EIGHT-PERSON) COMPANY LIKE OURS, IT WAS INVALUABLE TO HAVE A RESOURCE PERSON WHO COULD CONDUCT RESEARCH INTO POTENTIAL DISEASE MARKETS, AS WELL AS UPDATE COMPETITIVE ASSESSMENTS," NESTOR SAYS.**

Jeff McDaniel MS '97, MBA '97, Velocys

### EXPLORING NEW BUSINESS OPPORTUNITIES

Jeff McDaniel, MS '97, MBA '97, was a member of the original team that spun out Velocys from the not-for-profit Battelle Memorial Institute in Columbus, Ohio, in 2001. He helped to build the company into a leading process-technology firm for the fuels and chemicals industry. The company is developing microchannel processing systems that greatly accelerate chemical-processing rates. **THREE YEARS AFTER ITS LAUNCH, VELOCYS ASKED AN ENTREPRENEURIAL MAP TEAM FROM THE ROSS SCHOOL OF BUSINESS TO IDENTIFY NEW MARKET APPLICATIONS FOR ITS CORE TECHNOLOGY, AS WELL AS POTENTIAL PRODUCTION PARTNERS AND CUSTOMERS. "THE TEAM CONSIDERED A RANGE OF POSSIBILITIES AND ZEROED IN ON TWO APPLICATIONS," MCDANIEL REPORTS.** "One was for emulsions used in everything from shampoos to food products. We had looked at this application previously, and, after the team helped us confirm it, we went ahead and pursued it with an industrial partner in the cosmetics industry." Over seven weeks, the MBAs gained a real sense of the day-to-day operations of an entrepreneurial organization through their interaction with the Velocys management team. "The students applied a number of tools for gathering market intelligence and selecting the application that best utilized our company's resources," McDaniel says. "They also got a healthy dose of teamwork in a compact period of time." Velocys also has hosted two MBA summer interns and subsequently hired one for a staff position. This past May, the company presented at the 2006 Michigan Growth Capital Symposium. "Although we are wholly owned, we are beginning to explore financing options for moving into the commercial stage of our business," McDaniel explains. "Through the symposium, we were able to establish valuable connections with some venture firms. In the future, we hope to continue working with the Ross School and the Zell Lurie Institute to identify talented individuals and to explore new business opportunities."



**Girish Minocha, ExImWare**  
**IMPROVING OPERATIONAL EFFICIENCIES**

Founded in 2000, ExImWare offers Web-based operations and risk-management software solutions to businesses that buy and sell bulk commodities, such as coffee, cocoa and sugar. Users of ExImWare software solutions are able to improve their operational efficiencies, reduce financial risk and connect to their supply chain to exchange data and documents electronically. Current customers include Kraft Foods and Procter & Gamble. Over the years, ExImWare's chief financial officer, Matt Martin, MBA '88, maintained his contact with the Ross School of Business. Upon his suggestion, **EXIMWARE INVITED ZELL LURIE INSTITUTE-SPONSORED ENTREPRENEURIAL MAP TEAMS IN 2001 AND 2002 TO ASSIST WITH COMPANY SURVEYS.** "In the first year, the survey was directed at determining various pain points that our software solutions ought to resolve," explains President and CEO Girish Minocha. In the second year, the EMAP team met with customers to determine the return customers were getting on their dollars spent, which in turn would help ExImWare rationalize its pricing. "Despite good access to the customers and strong theory, students found it hard to obtain the information they sought, and therefore were not able to come up with a good basis for computing our prices," Minocha says. Time constraints also proved challenging for all those involved. "We had to balance the demands of multi-tasking and managing our business with the students' expectations that we would spend time with them over a compressed seven-week period and make their experience meaningful," Minocha explains. "We realized a lot of energy is required to make this sort of endeavor work for us and for them." **AFTER THE PROJECT ENDED, EXIMWARE HIRED ONE OF THE MEMBERS OF THE EMAP TEAM, SHIN KODAMA, MBA '02.** "He showed willingness to go above and beyond the needs of the project report, so we offered him a position with our company," Minocha says.

**Michael W. Long, Velcura Therapeutics**  
**DEVELOPING NEW THERAPIES TO TREAT**  
**OSTEOPOROSIS AND BONE CANCER**

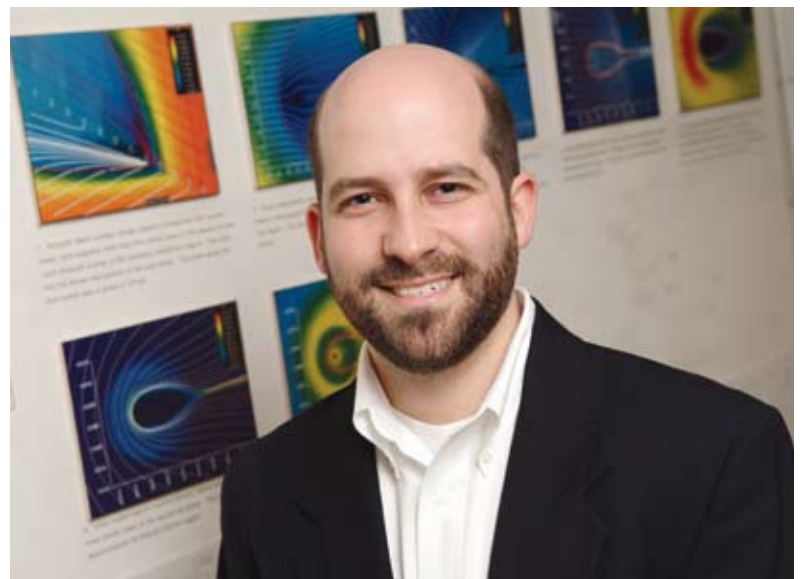
It's not unusual to find Ross School of Business students hard at work on corporate strategy and development projects at Velcura Therapeutics, where President and CEO Michael W. Long and his staff are developing new therapies that stimulate bone formation in patients suffering from osteoporosis and bone cancer. **SINCE THE BIO-TECHNOLOGY STARTUP WAS SPUN OUT OF THE UNIVERSITY OF MICHIGAN IN 2001, LONG HAS INVITED SUCCESSIVE GROUPS OF MBA STUDENTS TO ENGAGE WITH THE COMPANY THROUGH TECHSTART AND THE ZELL LURIE INSTITUTE-SUPPORTED ENTREPRENEURIAL MAP PROGRAM.** "I came from an academic background, so I understand the need for students to participate in the real world," says Long, who left his position as a professor in the Department of Pediatrics and Communicable Diseases at the Medical School in 2003 to devote his full-time efforts to running Velcura Therapeutics. "One benefit of EMAP is that students work at the company during the program, meeting formally and informally with myself and my director of research operations, Daniel Chagnovich. They also have an opportunity to interact with our scientific staff and to get a feel for the fluid, fast-moving pace of an early-stage biotech company." The MBAs, in turn, have provided Velcura with well-researched and documented information about the competitive bio-pharmaceutical landscape, enabling management to plan strategically for funding and out licensing. "I've been very impressed with the Ross students," Long notes. This year Velcura "turned the corner" as it advanced from the drug-discovery phase into drug development. Clinical trials for the company's first drug are scheduled for late 2007 although actual sales are still a few years off. There's little doubt that Ross School MBAs will be on hand to assist Velcura at every successive stage of its development "It takes a fair amount of our time to structure definitive projects for the students, but it's time well-spent," Long says. "We all benefit."

**During fall 2001, I wrote the business plan for Outdoor Divas, a women's-only sporting goods retailer, with three MBA classmates in an Entrepreneurial Studies course.**

**I decided to join three doctoral students involved in the research to lay the groundwork for a new venture called Space Weather Forecasting Technologies (SWFT).**

**Michigan's reputation as a top-ranked research university and its proactive support for the commercialization of new technologies served as a catalyst for spinning out our company.**

Entrepreneurs who look beyond the walls of the Ross School of Business will find people elsewhere on campus who are producing remarkable technological innovations. By encouraging the cross-pollination of ideas, it is possible to help move research discoveries out of the laboratory and into the marketplace to create social and economic value. During the fall of my second year at the Ross School, I asked Paul Kirsch, program manager at the Zell Lurie Institute, if he knew of any scientific teams looking for MBAs with business experience. He told me about new technology with commercial potential being developed in the College of Engineering's Department of Atmospheric, Oceanic and Space Sciences. After conducting due diligence, I decided to join three doctoral students involved in the research to lay the groundwork for a new venture called Space Weather Forecasting Technologies (SWFT). **THE IDEA BEHIND OUR COMPANY IS TO PROVIDE LOCALIZED FORECASTS OF SOLAR ENERGY TO OPERATORS SEEKING TO PROTECT THEIR SATELLITES, AIRCRAFT, OIL PIPELINES AND OTHER ASSETS FROM DAMAGE OR DISRUPTION.** I used an independent study in the 2006 winter term to write the first draft of our business plan, incorporating what I had learned through courses in corporate strategy, opportunity assessment and new-venture creation. My earlier experiences with an entrepreneurial MAP team at Precisia and as a Marcel Gani summer intern at Inovo Technologies contributed to a deeper understanding of cross-functional teamwork and technology startup operations. This proved valuable as SWFT began to take shape. Our team entered our business plan in several competitions, including the 2006 Michigan Business Challenge, winning more than \$15,000 in prize money and receiving helpful feedback from the professional investors and experienced entrepreneurs who served as judges. Throughout my two years at the Ross School, I tried to take advantage of everything the Zell Lurie Institute had to offer, and I feel very fortunate to have participated in so many worthwhile programs.



**Joshua Botkin, MBA '06**  
Co-founder and CEO, Space Weather Forecasting Technologies

## **ENCOURAGING THE CROSS-POLLINATION OF IDEAS**

### **CATALYST AND CONNECTIVITY: DIVERSIFIED CAREER PATHS**

THE ZELL LURIE INSTITUTE SERVES AS A CATALYST FOR ROSS SCHOOL STUDENTS AND GRADUATES SEEKING TO LAUNCH NEW BUSINESS VENTURES, ENTER HIGH-GROWTH INDUSTRIES OR APPLY ENTREPRENEURIAL THINKING TO ESTABLISHED COMPANIES. IN ADDITION, THE INSTITUTE FORGES STRONG CROSS-CAMPUS CONNECTIVITY THAT FACILITATES ACCESS TO THE UNIVERSITY OF MICHIGAN'S RICH RESEARCH ENVIRONMENT, DEEP TALENT POOL AND BROAD-BASED COMMERCIALIZATION RESOURCES. THE ENTREPRENEURS PROFILED IN THIS SECTION HAVE PURSUED WIDELY DIVERGENT PATHS IN THEIR SEARCH FOR INNOVATION AND NEW BUSINESS OPPORTUNITIES, AND HAVE DERIVED SIMILAR MEASURES OF SATISFACTION AND SUCCESS FROM THEIR ENDEAVORS.

The entire business foundation for my company, now in its fourth year of operation, was built at the Ross School of Business. During fall 2001, I wrote the business plan for Outdoor Divas, a women's-only sporting goods retailer, with three MBA classmates in an Entrepreneurial Studies course. The following spring, I did an independent study, which allowed me to fine-tune the plan with the help of professors' reviews and critiques. When I left school in May 2002, I had a well-polished business plan that I dropped on the desks of several lenders. The credibility of Michigan's program enabled me to get my foot in the door, and I had no problem procuring the capital I needed to establish my business. **CO-OWNER KIM WALKER AND I OPENED OUR FIRST STORE IN DOWNTOWN BOULDER, COLORADO, IN NOVEMBER THAT YEAR. THIS FALL, WE PLAN TO LAUNCH OUR SECOND STORE IN DENVER'S CHERRY CREEK NORTH SHOPPING DISTRICT.** It is our biggest growth step to date and represents an affirmation of the success of our business model. In retrospect, the education and experiences I received through the Ross School and the Zell Lurie Institute helped me take a broader view of the business world and kept me focused on what it takes to grow my business rather than simply to operate it. Taking a planning-for-growth perspective has enabled me to look down the road to success. While I was at Michigan, I worked on an Entrepreneurial MAP team in a startup environment and participated in Entrepalooza. These opportunities gave me a lot of face time with people who were launching or running new business ventures, as well as confidence that the entrepreneurial career path was a viable one I could pursue directly out of school. Through my core business and entrepreneurial coursework, I learned to conduct the research needed to identify new market opportunities, and to negotiate business relationships with bankers, investors and partners that were essential for supporting a new idea. I gained a great deal from Tom Kinnear's classes, which contributed to my customer-centric business philosophy.

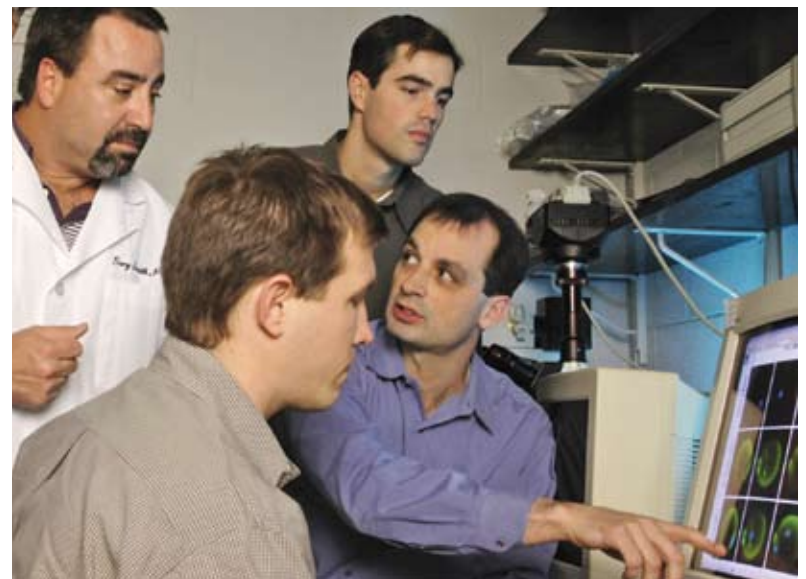


Photography: left to right - Douglas Schable, Benjamin Buren, Steve Kuzma

**Michael Callas**, MBA '02  
Co-founder, Outdoor Divas

### TAKING A PLANNING-FOR-GROWTH PERSPECTIVE

In January 2005, I co-founded Incept BioSystems with two University of Michigan researchers, Gary D. Smith, an associate professor in the Departments of Obstetrics and Gynecology, Urology, and Molecular and Integrated Physiology, and Shuichi Takayama, a scientist in the Department of Biomedical Engineering, Macromolecular Science and Engineering. **OUR COMPANY DEVELOPS INNOVATIVE MICROSCALE AND NANOSCALE TECHNOLOGIES THAT ENABLE CELL BIOLOGISTS TO OBTAIN HIGH-VALUE DATA ABOUT CELL GROWTH AND BEHAVIOR.** These technologies were developed to improve the in vitro manipulation, performance and viability of high-value cells, and our vision is to become the next-generation standard for premium cell management applications. Michigan's reputation as a top-ranked research university and its pro-active support for the commercialization of new technologies served as a catalyst for spinning out our company. During the early stages of Incept BioSystems' formation, the Zell Lurie Institute offered business-plan development coaching and networking opportunities to help us connect with key players in the biotechnology industry. A Dare to Dream grand award from the Institute supplied funding at a critical point. The solid business background in marketing, strategy, negotiations and business writing provided by the MBA program at the Ross School of Business enabled me to put analytical rigor behind gut instinct, thereby serving as an important cross-check on strategic decisions as our company grew. Committed entrepreneurs will find the University offers a vast wealth of research discoveries waiting to be brought forth into the marketplace, as well as the business-development and commercialization resources available through the Ross School, Zell Lurie Institute and Office of Technology Transfer that are essential to spur new-venture creation.



**Michael Crowley**, MBA '05  
CEO, Incept BioSystems

### BECOMING THE NEXT-GENERATION STANDARD

The most influential class I had, however, was core operations where I was introduced to Toyota's lean-manufacturing methods. I brought what I learned back to Zingerman's Mail Order in the summer between MBA1 and MBA2.

My MBA experience at the Ross School of Business, where I took 17 entrepreneurial-studies courses over the course of two years, provided the key underpinnings for my current responsibilities.

My participation in the Wolverine Venture Fund and Zell Lurie-sponsored activities exposed me to early-stage companies that faced many of the same issues I encountered in starting my own business.

**I STARTED ZINGERMAN'S MAIL ORDER IN 1994 BEFORE E-COMMERCE. THEN, AS NOW, WE SHIPPED ARTISANAL BREADS, HANDMADE PASTRIES, FARMHOUSE CHEESES AND LOTS OF HARD-TO-FIND FOODS.** Like many distributors, we "batched" fulfillment and experienced typical batch-production problems: too much of one gift box, too few of another. Our volume increased by a factor of 50 at the holidays, further compounding our problems. At peak times, our night crew assembled thousands of gift boxes each night, and our day crew packaged and shipped them the next morning. Too much became way too much. Too few became disastrous. In 2003, I decided to return to the University of Michigan, where I received a liberal arts degree in 1992. I enrolled in the MBA program at the Ross School of Business. At that time, I didn't expect to solve our fulfillment problems. The most influential class I had, however, was core operations where I was introduced to Toyota's lean-manufacturing methods. I brought what I learned back to Zingerman's Mail Order in the summer between MBA1 and MBA2. Although we are still neophytes compared to Toyota, the little we've implemented at our company has completely transformed our fulfillment operations. Using methods Toyota pioneered, we now make our gift boxes and baskets to order, not ahead of time. The amount of space we need has fallen dramatically. Mistakes have been reduced. Most important, this transformation has given us a path for continuous improvement and has helped to democratize change so the hourly crew now conceives of, and implements, more programs than ever before. It took a ton of work to put this system in place. We didn't have any precedents in the food industry to guide us. Without "Core Ops," there's no way I could have accomplished it. I derived other benefits from my MBA, too. Like comfort with debt. I learned that it's called leverage, and now I'm OK with it. In Adjunct Lecturer Michael Davis' entrepreneurial-studies class, I also learned a lot about positioning a business for sale, something you rarely learn when you start a venture from scratch. Once an entrepreneur, always an entrepreneur; this knowledge will be really useful when the next opportunity comes along.



**Maurice ("Mo") Frechette, MBA '05**  
Co-founder and Managing Partner, Zingerman's Mail Order

## TRANSFORMING A MAIL-ORDER OPERATION

## CATALYST AND CONNECTIVITY: DIVERSIFIED CAREER PATHS

I'm entering my third year with the Hinman Campus Entrepreneurial Opportunities Program (Hinman CEOs) at the University of Maryland, where I teach entrepreneurship courses and work with engineering faculty, graduate students and undergraduates who are seeking to commercialize their technologies and start new ventures. My MBA experience at the Ross School of Business, where I took 17 entrepreneurial-studies courses over the course of two years, provided the key underpinnings for my current responsibilities. I am applying the knowledge I gained, and often refer to my notes, from Professor Thomas Kinneer's marketing class and the strategy classes taught by Professors C.K. Prahalad and Gautam Ahuja. Coursework in new-venture planning, venture capital and technology commercialization also prepared me for teaching entrepreneurship and facilitating new ventures. Adjunct Lecturers James Price and Tom Porter served as inspiring role models, illustrating how a successful entrepreneur and an active venture capitalist can contribute to entrepreneurial education. My Zell Lurie Institute-sponsored Marcel Gani internship with Wavecrest Laboratories in the summer of 2003 immersed me in an entrepreneurial environment. Working within the company's marketing and strategy groups, I gained valuable experience in evaluating commercialization opportunities, identifying potential strategic partners and writing market-entry plans. I chose to do a corporate MAP because I had never worked for a large company before. This reinforced my interest in entrepreneurship and compelled me to pursue an entrepreneurial career path after graduation. At Michigan, I also gained exposure to entrepreneurial-minded students and successful entrepreneurs through my involvement in extracurricular activities with the Entrepreneur and Venture Capital Club and Entrepalooza. **BEYOND MY ROLE WITH HINMAN CEOs, I AM A STUDENT AS WELL, NOW ENTERING THE DISSERTATION PHASE OF MY DOCTOR OF MANAGEMENT DEGREE, WITH AN EMPHASIS IN ENTREPRENEURSHIP, AT THE UNIVERSITY OF MARYLAND. THIS FALL, I ALSO AM EXERCISING MY OWN ENTREPRENEURIAL AMBITIONS AS A PARTNER IN THE LAUNCH OF COCOA LUXE, AN ARTISAN-CHOCOLATE RETAIL BUSINESS OPENING IN WASHINGTON, D.C.**

I founded my California-based real-estate development and investment firm, Habibi Properties, before I started my MBA program at the Ross School of Business in 2001 and worked remotely from Ann Arbor for two years, sourcing deals and capital. Today the company has several hundred thousand square feet of property under ownership and management. My MBA coursework and entrepreneurial experiences gave me a holistic view of business and enabled me to grasp the big picture much quicker. The Ross School was unique because its action-based learning approach allowed me to continue the momentum of working in the business world while pursuing a traditional classroom education. My participation in the Wolverine Venture Fund and Zell Lurie-sponsored activities exposed me to early-stage companies that faced many of the same issues I encountered in starting my own business. I learned how to position a startup for future growth and to avoid pitfalls, such as insufficient capital or an un-scalable business model, that often arise as a company grows. I honed my research and writing skills by analyzing business plans and pitching investment ideas to the WVF advisory board and by competing against other university students at the Venture Capital Investment Competition. **TODAY I UTILIZE THESE SAME SKILLS IN MY BUSINESS EVERY TIME I PUT TOGETHER A REAL-ESTATE FEASIBILITY STUDY FOR A PROPOSED MULTI-FAMILY OR MIXED-USE DEVELOPMENT AND MAKE A PRESENTATION TO PROSPECTIVE INVESTORS OR CITY PLANNERS.** I gained additional hands-on experience through my MAP assignment, which entailed an analysis of the medical-spa industry and the creation of a development plan for a proposed Spa and Wellness Center. In adjunct lecturer Peter Allen's real-estate development class, I learned how to be a socially responsible developer and how to work with people from other disciplines. In fact, I was so inspired that I started teaching courses in real-estate investment analysis and development at UCLA Extension when I returned to Los Angeles. Recently, I was appointed to Lecturer of Real Estate at the UCLA Anderson School of Management, and I have modeled my teaching after many of the excellent professors I had at the University of Michigan.



**James V. Green**, MBA '04  
Associate Director, Hinman Campus Entrepreneurial Opportunities Program  
A. James Clark School of Engineering  
University of Maryland, College Park

**Paul Habibi**, MBA '03  
Principal and Co-founder, Habibi Properties

**PURSUING AN ENTREPRENEURIAL CAREER PATH**

**GRASPING THE BIG PICTURE**

My MBA degree has given me critical leadership and management skills, as well as a different perspective in analyzing companies and solving problems.

As a physician, my Ross MBA not only gave me the tools to think critically about managing a business, but also provided tremendous access to a network of accomplished students and alumni.

The Zell Lurie Institute was instrumental in giving us a big jump start by awarding us a Dare to Dream grant of \$12,500 in seed money and a year of free office space.

I returned to school for my MBA because I wanted to change careers after working as a finance manager at Ford Motor Co. The confluence of 9/11 and a dismal job market in 2002 made me stop and think about my life and what to do with my Michigan MBA experience. In July 2003, I packed up my SUV and headed for Los Angeles in search of a new career in the entertainment industry that fit my passion and a total life-style change. I had no job, no connections and no place to live. Initially, I took a low-paying internship with Sony Pictures Entertainment, and then worked my way into a full-time job in their Home Entertainment Group. In July 2005, I joined Mandate Pictures, a film financing, international sales and production company in Beverly Hills. Deep down, I always have had an entrepreneurial spirit and a desire to start a company or work for a small, growing enterprise. **MANDATE PICTURES IS A GOOD FIT FOR ME BECAUSE IT HAS A STAFF OF ONLY 35 PEOPLE AND IS VERY ENTREPRENEURIAL. IN MY CURRENT POSITION, I AM WORKING ON OUR STRATEGY FOR GROWTH AND HELPING TO RAISE CAPITAL TO EXPAND OUR CORE FILM-PRODUCTION BUSINESS.** My MBA degree has given me critical leadership and management skills, as well as a different perspective in analyzing companies and solving problems. Graduate courses in strategy and organizational behavior shaped the way I look at growth opportunities, and my MAP assignment with an entrepreneurial company taught me a lot about consumer preferences. I honed my abilities to value companies for purchase or sale during my summer internship in the investment-banking sector, and I learned teamwork skills in class by working on projects with students from business and non-business backgrounds. Ultimately, I want to start my own company. My position with Mandate Pictures will serve as a training ground for preparing me to handle many of the issues I'll encounter in launching that new venture.



**Jennifer Hollingsworth**, MBA '02  
Director of Finance and Corporate Development, Mandate Pictures

#### **NURTURING AN ENTREPRENEURIAL SPIRIT**

### **CATALYST AND CONNECTIVITY: DIVERSIFIED CAREER PATHS**

MedCI has experienced tremendous growth since April 2004 when my partner, Kyojin Park, MBA '04, and I launched our company. **WE HAVE CLOSED FIVE BUSINESS DEALS BETWEEN PHARMACEUTICAL COMPANIES IN ASIA AND NORTH AMERICA, IN ADDITION TO PROVIDING COMPREHENSIVE CONSULTING SERVICES TO ADVANCE THE DEVELOPMENT AND MARKETING OF NEW DRUGS GLOBALLY.** Right now, MedCI is in a state of transition. We are relocating our U.S. office from Ann Arbor to the San Francisco Bay area. We already have established a South Korean office in Seoul and will be opening a Japanese location in Tokyo soon. Our resources as a small company are limited, so we value our ties to the Ross School of Business and the Zell Lurie Institute, where we can draw upon talented students with experience in the life-sciences industry and multifunctional capabilities in international business. We recently hosted our second MBA summer intern, who was employed by Johnson & Johnson and had extensive knowledge of the South Korean medical-device market. His strategic input helped us focus our efforts on the areas of greatest future growth potential in that sector. For me, the launch and success of MedCI would not have been possible without an MBA degree. As a physician, my Ross MBA not only gave me the tools to think critically about managing a business, but also provided tremendous access to a network of accomplished students and alumni. Most important, it gave me a perspective on international business and culture. My experiences at Michigan have helped me achieve meaningful results that create value not only for a client company's shareholders, but for thousands of patients who ultimately will benefit from the availability of new treatments. I have come to realize we all have great ideas that seem too big or impossible for anyone to believe. An entrepreneur takes the personal and public doubts as a challenge to persevere, despite the odds, and to create something truly amazing. My first encounter with an entrepreneurial venture was through a Zell Lurie-sponsored internship at Xoran Technologies. Once

The idea for Valeries Crepes originated with my French roommate, Richard Baudin, who figured there had to be a way to bring popular European crepes to the American masses. Teaming up with other business students in an Entrepreneurial Studies course, we developed a comprehensive business plan with coaching from Lecturer Andy Lawlor, tackling every aspect of starting, operating and growing the concept. The Zell Lurie Institute was instrumental in giving us a big jump start by awarding us a Dare to Dream grant of \$12,500 in seed money and a year of free office space. Zell Lurie Director Thomas Kinnear introduced us to top company leaders in the food industry, including former Domino's Pizza executives Harry Silverman and Don Vleck, who both provided candid insights. Professor Francine LaFontaine, a franchising expert, gave us guidance on growing our restaurant chain. With support from the Zell Lurie Institute, we participated in business-plan competitions at Michigan and other universities. These events challenged our thinking in very positive ways and honed our skills in pitching to future investors. We also benefited greatly from the cross-campus connectivity of the Ross School and the Zell Lurie Institute. A class of architecture students from the A Alfred Taubman College of Architecture and Urban Planning created 30 different designs for our proposed store layout and kiosk. They gained practical experience, and we tapped the talents and ideas of creative young minds. **IN LATE 2004, OUR TEAM (ANDREAS KOESE, CLAUDIA RODRIGUEZ, CARLOS OSSIO AND MYSELF) MOVED THE COMPANY FROM ANN ARBOR AND OPENED THE FIRST VALERIES CREPES RESTAURANT IN ARCADIA, CALIFORNIA.** The success of our initial year in operation validated our business model, and we're now seeking capital for expansion into a multi-unit restaurant chain. I truly believe the support of the Zell Lurie Institute, Ross professors and fellow students, and the strength of the Ross School's management education made all the difference in turning this dream into reality.



**Manish Singhal**, MD '98, MBA '04  
Vice President, MedCI

**Eric Yang**, MBA '03  
Partner, Valeries Crepes

**ACHIEVING MEANINGFUL RESULTS THAT CREATE VALUE**

**BENEFITING FROM CROSS-CAMPUS CONNECTIVITY**

Stephen M. Ross School of Business at the University of Michigan  
Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies  
Center for Venture Capital & Private Equity Finance

701 Tappan Street Ann Arbor, Michigan 48109-1234 (734) 615-4419 www.zli.bus.umich.edu zlicontact@umich.edu

## EXECUTIVE COMMITTEE

**Robert J. Dolan**, President, Zell Lurie Institute **Thomas Kinnear** (ex-officio), Department of Marketing **Timothy Faley** (ex-officio) **David Brophy** Department of Finance  
**Michael Gordon** Department of Computer and Information Systems **Andy Lawlor** Department of Strategy **Len Middleton** Department of Strategy

## STAFF

**Thomas Kinnear**, Executive Director **Timothy Faley**, Managing Director **David J. Brophy**, Director, Center for Venture Capital & Private Equity Finance  
**Thomas Porter**, Executive in Residence **Mary Nickson**, Communications Manager, Report 2006 Editor **Paul Kirsch**, Program Manager  
**Marybeth Davis**, Program Assistant **Carolyn Maguire**, Administrator



## ADVISORY BOARD

**Keith Alessi**, Lifestyle Improvement Centers, LLC **Eugene Applebaum**, Arbor Investments Group **John Barfield**, The Bartech Group, Inc. **John Behrman**, SpiritShop, Inc.  
**D. Theodore Berghorst**, Vector Securities International, LLC **Paul Brentlinger**, Morgenthaler Ventures **Kenneth Buckfire**, Miller Buckfire & Co., LLC **Mary Campbell**, EDF Ventures, LP  
**Dwight Carlson**, Coherix, Inc. **Paul Courant**, University of Michigan **Thomas Darden Jr.**, Reliant Equity Investors **Hal Davis**, Entrepreneur **Dixon Doll**, Doll Capital Management **Richard Eidswick**, ChampCar  
**Stanley Frankel**, Frankel Associates **Marcel Gani**, Juniper Networks, Inc. **Jan Garfinkle**, Arboretum Ventures **Michael Hallman**, The Hallman Group **George Isaac III**, GAI Capital, Ltd.  
**John Kennedy**, Autocam Corporation **Bradley Keywell**, Bristol Ventures, LLC **Hans Koch**, K2K Development, LLC **Ann Lurie**, Lurie Investments **Steven McKean**, Acceller, Inc.  
**Clyde McKenzie**, Tellurex Corporation **Andre McKoy**, WCI Holdings, Inc. **Mitch Mondry**, M Group, Inc. **Marvin Parnes**, University of Michigan **Jim Price**, CompanyCrafters, Inc. **Richard Rogel**, Tomay, Inc.  
**Douglas Rothwell**, Detroit Renaissance **Michael Staebler**, Pepper Hamilton, LLP **Samuel Valenti III**, Valenti Capital **Ronald N. Weiser**, McKinley Associates, Inc. **Jeffrey Williams**, HandyLab, Inc.  
**Warren P. Williamson**, Skye Management **Samuel Zell**, Equity Group Investments



Samuel Zell &  
Robert H. Lurie Institute  
FOR ENTREPRENEURIAL STUDIES

Center for Venture Capital &  
Private Equity Finance

Guest Editor: Claudia Capos  
Design: Defrost Design