Welcome to the first newsletter of the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies. We hope that you get a flavor for the exciting programs, cutting-edge events, and entrepreneurial activities led by the Institute. Entrepreneurship takes an immense amount of discipline, focus and thought in order to grow a business into a long-term sustaining entity.

Inside you will find highlights of student’s entrepreneurial successes, the Wolverine Venture Fund program, faculty initiatives, and our outstanding Advisory Board. These highlights illustrate the Institute’s dedication to providing world-class education and experience for producing leadership for new and growing businesses around the world.
The Wolverine Venture Fund (WVF) is a unique, $2 million venture capital fund, operated directly out of the University of Michigan Business School (UMBS). Current MBA students, with the guidance and approval of faculty and an eight-member advisory board of professional venture capitalists and entrepreneurs, make the Fund’s investment decisions. Students receive class credit for participating in the WVF and complete business plan reviews, due diligence work and portfolio tracking projects on an on-going basis. The WVF made its first investment in May 1998 and currently has seven portfolio companies.

Funded companies are offered exceptional value-added benefits via access to UMBS entrepreneurial focused resources. As a result, HandyLab Inc. (profiled below) successfully arranged a fall term class project where second-year MBA students are conducting marketing research and an entry strategy for the company. The upside for the students is the opportunity for additional experiential learning.

HandyLab Inc.
This summer the WVF finalized its sixth investment in a local biotechnology company that is a University spin-out – HandyLab Inc. Co-founders Kaylan Handique and Sundaresh Brahmasandra, two recently minted University of Michigan Ph.D.’s in Chemical Engineering, hope to perfect a simpler way of analyzing human DNA.

The partners have developed methods for miniaturizing medical tests such that they can be instantly conducted on a handheld computer in a doctor’s office. In scientific parlance, the technology is known as MEMS, which stands for microelectromechanical systems. HandyLab has raised $2.4 million in venture capital funding, including $125,000 from the Wolverine Venture Fund. The partners aim to have a prototype for Food and Drug Administration testing in about a year and a production model about three years after that.

In addition to the Pryor-Hale Competition, the Institute is one of the many sponsors of the Great Lakes Venture Quest Competition (www.glventurequest.com). This regional competition was created to help promote technology and growth of technology-oriented companies in the state of Michigan and to establish the area as a hotbed of entrepreneurship. The competition is being conducted from October 2000 through March 2001. The Institute also encourages and facilitates UMBS students’ participation in other prestigious competitions around the country.

Walkabout Wireless Networks
On November 14, Walkabout Wireless Networks received $2,500 as one of three Ann Arbor region winners in the Great Lakes Venture Quest Competition. A uniquely experienced, highly enthusiastic MBA student team, comprised of Eduardo Barros, Jonathan Chizick, John Gearty, Ravi Gopal and Srini Venkat, manages Walkabout Wireless Networks. The group aims to wirelessly enable airports, coffee shops, and restaurants of the world by using the IEEE 802.11 standard for wireless Internet access.

Eberwhite Data Technologies
This past April, MBA graduates Mike Stucky Ph.D. and David Weinerth’s team tied for first place in the Pryor-Hale Business Plan Competition. The original team consisted of six members whose group ingenuity created a plan to use wireless Internet technology to remotely monitor the nation’s four million industrial chemical storage tanks. While four of the team members have chosen to pursue other jobs, both Stucky and Weinerth are sticking with it. Their company, Eberwhite Data Technologies, is currently in the process of developing a prototype of the telemetry unit that will monitor storage tanks and eventually place monitors in the field through a Michigan gas supplier.
ZLI Fall Advisory Board Meeting

The Advisory Board meets twice a year to review programs and help to shape future goals of the Institute. In addition, Advisory Board members speak in the classroom, sponsor interns, and mentor students throughout the year.

The Institute’s inaugural fall Board meeting was designed to solicit insight from members through active participation in entrepreneurial topic-oriented feedback sessions. The informative feedback offered many concepts for future consideration.

During dinner, Dean White spoke about the generous commitment Sam Zell and Ann Lurie have made to UMBS with their $10 million gift to create the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies. In addition, the Dean emphasized the integrity, experience, and wisdom that Sam Zell offers as a participating board member and as an entrepreneur dedicated to the success of the Institute. Sam Zell concluded the evening with a speech about his own entrepreneurial struggles, his partnership with Robert Lurie, and their eventual rise to success.

Mr. Zell emphasized that UMBS quality combined with its exceptional track record as an innovator, will ensure that entrepreneurial wisdom and knowledge is successfully communicated in the classroom. He believes that cutting-edge business knowledge ultimately becomes a strong part of the basis for producing leadership and creating new businesses around the world.

In-Depth Focus On Women-Owned Firms

Theresa Welbourne, Director of the Initiative for High Growth Studies, researches the role of employee management in creating and sustaining an entrepreneurial climate. Recent research indicates that start-ups with women on their management team are far more likely to succeed post-IPO than those with only men. There are more than nine million women-owned firms in the United States—an indication of the leadership role women play in driving start-ups, creating jobs, and building successful businesses.

A New Innovative Entrepreneurial Course Incorporates Successful Women Role Models

www.bus.umich.edu/womenMBA/

A landmark study, Women and the MBA: Gateway to Opportunity, on women in business schools released last spring indicates that both men and women say there are too few women role models visible in MBA programs nationwide. Further research shows that in most classes in business schools around the country, women business leaders are far less visible than men. Adjunct Professor Karen Bantel, Director of Corporate Strategy at ERIM, created a mainstream entrepreneurial course that features only women as an innovative way to address that central core issue and shape the way business is taught.

MBAs currently enrolled in an innovative seven-week University of Michigan Business School Entrepreneurial course, Strategies for the High Potential New Venture, are learning exclusively from an expert resource — preeminent women business leaders. The course material and program, designed by Karen Bantel, incorporates seven guest speakers including five Committee of 200 (C200) members, providing real-life examples of leadership of a new venture.

This is not a course about women in business, nor is it particularly designed for women MBAs. It’s a course designed to deliver to students the keenest possible insights of how to develop and employ strategies for High Potential Ventures — those typically funded with high risk/high return venture capital, and are expected to achieve liquidity for investors within approximately five years of start-up.

"Students are finding that the perspectives and insights from these highly successful entrepreneurial women are invaluable. Part of the appeal is a de-mystifying of the success process, i.e., that highly successful people have made plenty of mistakes along the way and have learned from them well; that much of success is related to perseverance in execution, rather than any unusual or secret ability; that there are personal sacrifices related to high success that need to be considered very carefully," said Karen Bantel.
The independent study team was able to transition from a static thought process to a dynamic "new model" by firmly grasping the company, as it existed and by applying that knowledge to the identification and analysis of new markets and products. In April, at the end of their 12-week independent study, the team concluded that GateD was an exciting commercialization prospect. The transition to the internship, with the inception of NextHop Technologies, Inc., in May, allowed the students to bring their perspectives in helping to facilitate that reality.

"The best thing about the internship was the timing. I got involved with the company at the best possible time – the transition of the organization to a commercial entity. The interns got a rather unique opportunity – the chance to work with the CEO and CTO to build a business from the ground up," says second-year MBA student, Dilip Pillaiapakkamnatt.

"I have been able to really take part in the strategic development of the company. The three interns, with the CEO and CTO, are the strategy team for the whole company. We are writing the business plan, pitching the VC’s, developing all the sales and marketing strategy, all with tremendous up-side for us," said second year MBA student, Pete Lyons.

NextHop offered the students exposure to virtually every facet of a startup from business planning to capital raising. In addition, due to the rich history of GateD, many traditional experiences were available, including customer surveys and product feedback.

The Institute expects to place 20 interns this summer in start-up companies and venture capital firms. The Institute currently offers students independent study and internship opportunities in the medical, engineering and information sciences fields.

**Student Mentor, Chuck Salley**

On a volunteer basis, Chuck Salley has mentored MBA students as part of the Entrepreneurial Internship program at the University of Michigan Business School. Mr. Salley is an angel investor in information technology companies in Southeast Michigan. In addition to founding two entrepreneurial companies, Mr. Salley's background includes 30 years of experience in the marketing, and sale of large-scale computer systems to large industrial companies. His clients have included General Motors, Ford, Chrysler and the major automotive suppliers.

"I enjoyed the experience of working with the bright and motivated MBA students on an exciting entrepreneurial opportunity. My role with students was to provide some computer and networking industry background information and to translate the tech speak to business speak, while the students were gaining industry knowledge during the initial stages (GateD). In later stages (NextHop Technologies, Inc.), I provided consultation about what venture investors are looking for in the business plan. The opportunity
About the Internship Program
www.zli.bus.umich.edu/new_venture_prg/internships
On February 6th, the Institute will host potential sponsors, including start-up companies and venture capital firms, to present internship opportunities and to meet interested students. The length of the summer internship program lasts for 12 weeks, with the Institute providing up to $6,000 of salary assistance with the student earning a minimum of $1,000 per week.

Following is the complete internship program timeline for 2001:

- January 26, 2001: Sponsors submit one-page internship descriptions
- January 29-31: Student resumes accepted
- February 6: Internship Fair, 5:00 p.m. in Phelps Lounge
- February 13-22: Preferred interview period
- March 6-18: Second interview period
- March 15: All confirmed internships are notified of Institute sponsored subsidy amounts

$1.47 Million Gift from Marcel Gani
The $1.47 million endowed gift given by Marcel Gani to the Entrepreneurial Summer Internship Program will insure that the program grows and will allow for more students’ participation. Mr. Gani, a former graduate of UMBS, is currently the CFO of Juniper Networks. The interest from students has been high during the past few years, especially from students wanting to receive experiential learning in an entrepreneurial environment.

INTERNSHIP PARTICIPANTS SUMMER 2000

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<td>Avalon Investments, Inc.</td>
<td>Paul Morville</td>
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<td>Cybernet Systems Corp</td>
<td>Joe Taylor</td>
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<td>Dynamis Solutions, Inc.</td>
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<td>Michelle Hester</td>
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<td>IMU International Inc.</td>
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<td>ONSET Technology Management Office</td>
<td>Greg Rianhard</td>
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<td>Telecommunications Dev Fund</td>
<td>Byunglyoo (Brian) Park</td>
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<td>NextHop Inc., (Gate D)</td>
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Alumni Reunion 2000
This fall in mid-October, several hundred UMBS alumni came ‘home’ to strengthen their Alma Mater ties and to participate in reunion activities. On Friday, October 13, alumni were offered the opportunity to participate in the reunion opportunity to participate conference, “Navigating the New Economy.” Many of the Institute’s Board members, executive committee, and staff were highly visible during this event.

Venture Capital Symposium 2000
On November 17, the Institute along with the Association for Corporate Growth (ACG) co-hosted a half-day symposium, “Venture Investing in Today’s Economy.” This first-time collaboration by ACG and the Institute was well attended by 150 community members from the greater Detroit area and by UMBS MBA students. Jeff Williams, President and CEO of Genomic Solutions, Inc., gave an informative keynote address outlining the steps that took Genomic Solutions from start-up to IPO in three years. “Demand success, plan for it, work hard and make it happen,” said Mr. Williams.

Several concurrent panel discussions followed which addressed raising and providing venture capital. One of the recurring themes through all of the panel discussions was the need for an excellent support / management team when scaling a business from start-up. The afternoon concluded with a closing address by Frank Apesche, Managing Director of Berkshire Group. Mr. Apesche suggested that in order to get in front of the VC community to actively network through lawyers, brokers, and other affiliates who can recommend a VC firm.

Executive Seminar of Early-Stage Companies
The Center for Venture Capital and Private Equity Finance (CVP), December 8-10, hosted an Executive seminar, “Entrepreneurial Finance: Building and Financing the Entrepreneurial Company.” The three-day Seminar led the owner/managers of young, fast-growth oriented companies to improve their ability to build and finance their company and realize investor value in a competitive environment. Participants interacted in a workshop mode with proven entrepreneurs and financiers and with each other to focus on the problems common to all companies and those unique to their own situation through a "personalized" analysis of their own company.

Additional executive seminars are being presented by CVP during 2001. The highlight of next year’s CVP programming includes the 20th Venture Capital Symposium. The Symposium will be held from June 13 - 15. The three day event is intended to bring together Venture Capitalists, Institutional Limited Partner Investors, Faculty of the University, and Executives of leading technology companies.

For further information and a complete listing of programs offered in 2001, visit www.umich.edu/~ospef.
Microsystems Symposium 2001
On Friday, February 16 from 7:30 am – 1:00 pm, the Institute, the College of Engineering, and the Technology Management Office together will be hosting a symposium focused on the emerging Microsystems (MEMS) industry. The half-day symposium was created to support the growth of Michigan’s MEMS industry by bringing the investment and entrepreneurial community into direct contact with thought-leading researchers and technologists from the University of Michigan and other research centers.

The program features Keynote speaker Roger Grace, President of Roger Grace Associates, a San Francisco-based marketing consulting firm specializing in high technology. Mr. Grace has specialized in sensors for over 20 years with a focus on MEMS and automotive applications. Since 1982, he has been a technology marketing consultant providing a broad range of services to domestic and international clients. Panel discussions will cover a range of topics including Microsystems path to commercialization, killer apps, and growing the Microsystems industry in Michigan.

The event is free and will be held at the Michigan League. You must register to attend. Please visit www.zli.bus.umich.edu/news_events for registration and program information.

Entrepreneurship Fall Symposium 2000
On September 22, the Entrepreneurship and Venture Capital Club (EVC) and the Institute co-hosted an entrepreneurial symposium, "Entrepreneurship In The New Economy." The Symposium featured Keynote speakers Sam Zell, Chairman of Equity Group Investments and Hank Barry, Interim CEO of Napster. In addition, the Symposium included a variety of panel discussions focused on the key issues of starting new ventures. This year’s Symposium drew over 500 participants including business students, alumni, business leaders and University staff. The feedback from this year’s event was exceptional! Attendees expressed their appreciation for the valuable opportunity to ask questions and gain a broader perspective on lessons learned in entrepreneurship.

Sam Zell, an extraordinarily successful entrepreneur, packed Hale Auditorium for an enthusiastic opening address. Mr. Zell's speech emphasized what defines an entrepreneur and what it takes to become successful. Mr. Zell started out at the University of Michigan. He has pursued his ideas and vision and transformed them into phenomenal success. His numerous real estate ventures with partner Bob Lurie have made him a billionaire, and allowed him the opportunity to give back to the community.

Following the opening keynote address, the attendees broke out into five concurrent panel discussions. Panelists consisted of experienced entrepreneurs and venture capitalists that came to offer insight into what it takes to be a successful entrepreneur in today's fast paced, constantly changing economy. One panel spoke directly on how to transform ideas into a competitive business. Another discussed the way venture capital firms scrutinize the hundreds of business plans they receive to determine possible investments. Essentially, both panels concluded, the bottom line in creating a successful business and acquiring venture capital lies in the passion and ability of the team who manages it.

The Symposium ended with a keynote address by Hank Barry, a former UM graduate. Mr. Barry spoke about his high profile role as Interim CEO of Napster and about the recording industry and its attempts to shut Napster down. His argument is a compelling one as he cited the continued growth of computing power, the increases in connection speeds, and the ease of recording CDs onto PCs, as proof that music transfer over the Internet was only beginning. In addition, Mr. Barry concluded by speaking briefly of the changes in the VC industry, and the outlook for Internet startup laden VC firms over the next few years.
West Coast Forum

The University of Michigan Business School’s annual two day MBA High-Tech West Coast Forum was held on November 30th and December 1st. The Forum allowed UMBS to help fulfill the growing demand by West Coast companies to meet talented UMBS students interested in high tech and related industries. This year over 120 students, 50 company representatives, and 100 UMBS Bay area alumni attended this event.

The National Foundation for Teaching Entrepreneurship (NFTE)

MBA students, Mitch Green and Kate Treveloni, have teamed up to spearhead an interactive entrepreneurial experience for MBAs and sixth graders from an underprivileged environment. The curriculum will be drawn from NFTE, a non-profit organization led by UMBS alumnus Steve Mariotti. The organization introduces low-income and at-risk young people to the world of business and entrepreneurship by teaching them how to develop and operate their own legitimate small businesses.

Beginning winter term first-year MBA students will be embarking on a period of self-discovery by sharing their knowledge with a deserving group of young people. Last year, an event was born through the Legacy Initiatives that will provide both a hands on experience for MBA’s and a high impact program for young people. That day will be realized on Friday, January 12, 2001. Approximately 40 Middle School sixth graders will travel to UMBS for a day of business learning and fun.

The program will consist of small groups of MBA’s and young leaders participating in events ranging from a business simulation to real work example of successful business leaders. Teams of 6-8 MBA’s and students will be formed and given a kit with which to create a product. After the product creation is complete, teams will develop and create a commercial and signage for their “store.” The conclusion of the game will be a “main street” where teams can buy and sell their goods to each other.

The Entrepreneur and Venture Capital Club (EVC)

The EVC Club is comprised of UMBS students, at both the undergraduate and graduate level, dedicated to furthering the educational and professional goals of prospective entrepreneurs and venture capitalists. The club offers members the opportunity to actively network with potential employers, advisors, alumni and colleagues with entrepreneurial and venture capital interests. The EVC Club hosts the annual fall entrepreneurship Symposium, networking luncheons, and entrepreneurial speakers for the classroom.
Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies
701 Tappan Street, 9th Floor
Ann Arbor, Michigan 48109-1234
(734) 615-4419
www.zli.bus.umich.edu

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Samuel Zell and Robert H. Lurie
Institute for Entrepreneurial Studies
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Ann Arbor, Michigan 48109-1234
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