



# Venture

# VENTURE FORUM NEWS

To inspire and facilitate technology-based entrepreneurial activity and economic growth  
www.wpiventureforum.org

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A look at the upcoming meeting

## Sales and distribution channels: from traditional avenues to the Internet

by Phyllis Hanlon

Everybody likes a success story. Come to the April meeting of the Venture Forum and you'll hear one in person. Dennis Guberski, CEO of Biomedical Research Models (BRM), Inc. of Worcester, stood before the Forum audience three years ago and presented his case to a panel of experts. Evidently he received and followed some good advice, as his business has flourished. Organized in 1996, BRM develops and utilizes



Dennis Guberski

specialty animal models to assess the effectiveness of new drugs in preventing and/or improving disease. As a Contract Research Organization (CRO), BRM offers its expertise in research services to large pharmaceutical companies. Based on personal experience, Guberski will address the issue of effective sales and distribution channels, including the

Internet, as part of today's marketing strategies.

Since its inception five years ago, BRM has continued to conduct research and win awards to fund its ongoing investigative trials. The company was recently awarded a Phase 2 SBIR grant totaling \$902,043 to pursue research focusing on the new model of obesity and Type 2 diabetes. This two-year project began on January 1, 2001. Additionally, a Phase 1 SBIR grant of \$123,148 was given to BRM for a six-month project to investigate an antibody directed at Notch-1 receptors on stem cells.

Having already established broad market acceptance, BRM intends to expand its service business exponentially by using its expertise and specialty model systems to enhance customer-specific studies for pharmaceutical clients on an international scale. BRM has earned industry

recognition for the superiority of the animals it uses in diabetes, arthritis, cardiovascular disease and cancer research. Also, BRM has become an innovator in contract services as its skilled personnel efficiently and expertly enable clients to market products with the Investigational New Drugs (IND) label.

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### Case presenter

Al Prescott  
President, Crescent Innovations  
Groton, MA  
Prescott@ma.ultranet.com

Crescent Innovations' founder Al Prescott had just completed his fifth triathlon and his master's degree in chemical engineering, when he decided to break away from an established bio-medical company in order to develop a better treatment for jaw pain. Since many members of Prescott's extended family suffered from chronic jaw pain, he knew first-hand that treatment options are limited. As part of research conducted while pursuing his master's degree, Prescott had worked with biologically compatible polymers, which resemble clear Jell-O®, and devised a new treatment method.

According to the National Institutes of Health (NIH), over 7 million Americans suf- ▶

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*Letter from the chair*

# It's time to network!

*by Dick Prince*

Here we go again! As the high tech industry cools off, companies are beginning to lay off employees. All businesses are looking at their costs and, as luck would have it, people become expendable. If you are one of the unlucky ones, it may be time for you to start the search for a new job, consider a career change or go into business for yourself. Regardless of the path you take, networking is the most valuable technique you can use. Statistics show that the vast majority of available jobs are found through networking – basically, meeting with other people for an exchange of ideas and information. This strategy is particularly helpful for people with common interests. Effective networking, however, requires a great deal more than idle conversation with someone you have just met. It begins with preparation.

- First, you need to understand your situation and be very clear about your career objectives. You should be able to state your qualifications and know where you are going to look for employment.
- Second, study your particular job market and learn all you can about the companies you plan to pursue. Prepare a list of your top prospects.
- Third, compile a list of prospective networking contacts. Seek out mentors - people with more experience than yourself who are willing to give career advice, refer you to other contacts, take a personal interest in you and promote your cause. Business associates, relatives, friends, community organizations, associations, professional societies, college alumni and churches are all potential sources of assistance. Leave no stone unturned.

The WPI Venture Forum is a prime example of a place to network. The Forum represents a gathering of people with common interests, from all professional backgrounds. The next step in the networking process is to prepare for the presentation of your employment objective, your qualifications and where you want to work. Your



“one-minute elevator speech” must be crisp, concise and to the point. This short blurb is the hook that pulls a contact into a conversation about you and your needs. Prepare, practice and perfect your presentation. The last step is to make the contact. Regardless of the situation, whether it is a phone call, a one-on-one luncheon or the monthly meeting of the WPI Venture Forum, use your presentation.

Be yourself and always tell the truth. Once again, talk about yourself, your qualifications and your objectives. Ask a lot of questions and gather as much information as you can. Never leave a meeting without getting one or more referrals to another networking contact and always ask a contact if you can use his or her name as a reference. If necessary, make arrangements for a follow up meeting. Always send a thank you letter and keep your contact apprised of your progress and the end result of your search.

As stated earlier, networking techniques can be used to find a job, change a career or help you get started in your own business. Adjust accordingly and, in the true spirit of networking, pass this information on to a friend in need.

*Dick Prince*

*Dick Prince is retired from Norton Company and Siebe, plc and is presently a partner in Brooksville Associates, a merger and acquisition company specializing in the health and safety industry. VF*

## Sales and distribution channels: from traditional avenues to the Internet

Continued from front page

fer pain in their temporomandibular joint (i.e., jaw joint). Of those, over 2 million suffer chronically with symptoms ranging from pain to migraine headaches, popping and/or clicking of the jaw, and even locking of the jaw. It is also estimated that over \$1 billion is spent in treating this disorder, known as TMJ or TMD.

Crescent Innovations is developing biologically compatible polymer gels to treat TMJ disorders. Currently the only treatment options are:

- Non-steroidal anti-inflammatories (NSAIDs) like aspirin, ibuprofen or muscle relaxants
- Steroids (cortisone) that have a harmful effect on soft tissues
- Surgery

At the April Venture Forum meeting, Prescott will present Crescent Innovations' plan for its first product, non-invasive jaw approach (NINJA), designed to treat people who suffer from TMD and have not responded to NSAIDs. In limited clinical settings, materials similar to those used to make NINJA have been shown to provide benefits akin to steroid injections, without the harmful effects. In fact, some cases have shown joint improvement and elimination of patient symptoms. The recommended treatment plan would involve a NINJA injection into the jaw joint once or twice a year.

Preliminary NINJA prototypes have been tested in animals and were found to be sterile and bio-compatible. Crescent Innovations has filed for provisional patent protection for the purification and formulation process. Additional filings will be made.

Crescent Innovations is seeking \$7 million to fund additional animal and human clinical trials to commercialize NINJA. Crescent Innovations estimates the U.S. and European markets for NINJA to be in excess of \$100 million per year. Additional markets, such as orthopedic and drug delivery markets, will also be considered.

Following the presentation and break, a panel of experts will offer its comments and constructive criticism to Prescott. The floor will then be opened up for questions. **VF**

# E-mail: write subject lines with pizzazz

## excerpts from *Business Writing For Dummies* and *Writing Business Letters for Dummies*

by Sheryl Lindsell-Roberts

The foundation of today's business is "the quicker you get information, the quicker you can use it." E-mail provides that instant edge. E-mail is the most thriving and fastest growing community in the vast digital wilderness of cyberspace.

The subject line is the most critical piece of information in an e-mail message. It's the first and only hint as to what your message is about. If you don't grab the reader's attention with the subject line, the reader may not read your message.

### Craft a seductive line

Notice how newspapers write seductive, informational headlines that entice you to read the article. Even if you don't read the article immediately, you get a key piece of information. For example, the appeal of USA Today (and newspapers in general) lies in its attention-grabbing headlines, which give a snapshot of the day's news. Even if you don't get a chance to read the articles, you can sound like an informed person. If someone asks if you've heard the latest news, you can say, "Yes, I read that." You can have the same impact on your reader when you write seductive subject lines, which are electronic headlines. Following are a few examples:

**Boring:** Sales report

**Seductive:** Q3 sales to increase 15%

**Boring:** Your request

**Seductive:** Yes, we can honor your request

### Let the subject line deliver your message

If the message itself can fit onto the subject line, let the subject line deliver your message. Type —END or your initials at the end of your subject line to show that the subject line is the message. The following exchange of e-mail messages shows how I rescheduled a meeting with a colleague via subject lines. Neither one of us had to open the text box.

**Subject:** Mon. doesn't work.  
How's Tues?—SLR

**Subject:** Tues. is NG. How's Wed?—MN

**Subject:** Wed's fine—SLR

**Subject:** CU on Wed. @ 3:30—SLR

### Change the subject line when replying (if the message changes)

When you reply to someone's message, change the subject line if you change the theme of the message. Here's a real incident: Tom ►

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# Past meeting highlights

Formerly a high-profile executive and currently a golfer, teacher and consultant, Howard Hoffman brought his philosophy on business marketing to the March meeting of the Venture Forum. He drew on his experience with Abbott Diagnostics, Bayer Diagnostics, General Electric Medical Systems, Fisher Scientific, Allied Chemical, Packard BioScience and Gene-Trak Systems to provide examples of traditional marketing methods, annual operating plans and challenges to marketers. His “conventional wisdom” brought the audience back several times to the importance of the customer.

During his presentation, Hoffman noted some business/marketing books worth reading:

- *Radical Marketing: From Harvard to Harley, Lessons From Ten That Broke the Rules and Made It Big* by Sam Hill and Glenn Rifkin.
- *Rules For Revolutionaries: The Capitalist Manifesto for Creating and Marketing New Products and Services* by Guy Kawasaki.
- *Crossing the Chasm: Marketing and Selling High-Tech Products to Mainstream Customers* by Geoffrey A. Moore and Regis McKenna.

Hoffman left the audience with some words by which all entrepreneurs should live - every businessperson needs a reason to exist. That reason should concentrate on providing a service to your customers.

## Case presentation

Barlow Keener, founder and CEO of BrahmaCom, offered the audience details on his marketing strategy in the current national financial environment. He noted that 99 percent of venture capital firms are presently avoiding investments in telecommunications companies. Keener has created a business plan that he hopes will convince investors that his company is solid now and has a bright future in years to come.

In addition to providing details on his marketing plan, Keener outlined his competition, risks and financial model. “The marketing risk is the biggest, toughest part of the business,” he

said. Currently, his company is purchasing full-page ads in the local media and running infomercials on cable channels. He estimates that the company needs to acquire 730 customers within three years in order to realize growth.

## Panel comments

Nilesh Bhandari of Commonwealth Capital, Tom Wharton, most recently the Director of the Worcester InfoTech Project and the guest speaker offered their constructive comments after



*Barlow Keener, founder and CEO of BrahmaCom*

Keener's presentation. Bhandari noted that venture capitalists look at “defensible intellectual property” when investing in telecommunications companies. These investors also assess a



*Howard Hoffman (left), Tom Wharton, most recently the Director of the Worcester InfoTech Project, and Nilesb Bhandari of Commonwealth Capital*

company's management team and marketing efforts as well as its board of directors. BrahmaCom scored high marks in all categories, according to Bhandari.

Taking an opposite view, Hoffman expressed concerns about BrahmaCom's marketing plan. He felt that the gradual rollout that Keener suggested might allow the competition to “catch up.” He also questioned the company's ability to move quickly if demand should increase.

As an expert in the DSL area, Wharton also focused on the stiff competition that BrahmaCom faced. He mentioned challenges regarding several kinds of broadband from cable



*Audience listens to presentation*

to wireless voice-over data. Wharton also noted that to overcome competitive overtures from the larger companies Keener would have to look at municipalities and build out an infrastructure. Citing “a real need for DSL service,” Wharton said, “If anyone can pull this off, BrahmaCom can.” **VF**

# Toward improved organizational effectiveness

by John A. Haas, Ph.D.

You're an entrepreneur, with either clear evidence or a "nagging feeling" that your organization just isn't "hitting its stride." You're focused, but it just isn't happening as you know it can and must. What to do?

## Symptoms of stagnation

- Tremendous growth - talented people energetically trying to keep many balls in the air
- Flat growth - feeling of coasting, in neutral
- Signs of interpersonal conflict, "politics," personal agendas
- Loss of focus - continuing to do business as before, almost by rote
- Struggling with mature products, competitive pressure, lower margins
- Entrepreneurial fear of "letting go," losing control

- Need for an exit strategy - preparing for succession, sale, public offering, etc.

## Deciding to act

- Recognize that something else needs to be done, and be willing to consider alternatives.
- Decide to seek an objective viewpoint.
- Find outside help with the right background, track record and "chemistry."

## Framework for analysis

- Employees know what's wrong, and have great ideas. So do customers, suppliers and consultants.
- Consultant explores situation through in-depth confidential interviews.
- We need solutions that are "effective, not just right." They must be strategic, practical and realistic.

- Consultant should be available and willing to participate in implementation.

## Taking action

- Decide on most leverageable priorities.
- Assign accountability and develop action plans.
- Involve others in planning and implementation.

## Communicate excessively!

Yes, changes will occur - that was your objective. Make them exciting, realistic, obviously relevant and empowering. See how employees "light up" and respond to the challenges!

*John A. Haas, Ph.D. is a consultant with the Management Strategies Group, 411 Waverley Oaks Road, Waltham, MA 02452-8414, (781) 906-6600 phone, (781) 906-7690 fax, jahaas@gis.net. VF*

## WPI Venture Forum Radio Show

After the March hiatus - March Madness affects everyone - Bob Hokanson returns April 7 and every Saturday between 5 and 7 p.m. to host a variety of experts on the WPI Venture Forum Radio Show on WTAG (AM580). Each show features a different business professional who will address issues that concern entrepreneurs and businessmen and women.

The show features a call-in segment, which provides an opportunity for two-way interaction between the listener and the guests. Call 508-755-0058 to access the radio show phone line.

As always, sports events or late-breaking news stories may occasionally preempt the regularly scheduled program.

The radio show is now linked to the Venture Forum website and can be accessed at [www.wpiventureforum.org](http://www.wpiventureforum.org). Also, you will find additional information and can submit your questions for the radio show at [www.wtag.com](http://www.wtag.com).

# Business in the 21st century conference

Presented by the Center for Women & Enterprise

Thursday, May 3rd, 2001

Holy Cross College

8am - 4:30pm

Registration fee: \$150.00

(includes breakfast & lunch)

Registration is limited and there are no cancellations after April 26th

Calling all 21st century entrepreneurs. The Center for Women & Enterprise is sponsoring an all-day conference focusing on economic, political and social trends and forecasts that can influence businesses in the 21st century. Featured speakers Edward Riley from State Street Global Advisors, Joline Godfrey from Independence Means Inc. and Dr. Susan Frey from Avalon Health Associates will address the issues of small business indicators for the future, trends for entrepreneurs - especially within the context of technology, and the spirit of enterprise.

As Peter Drucker suggests in his 1995 book, *Innovation and Entrepreneurship*, "Listen carefully, ask questions, watch for opportunities and act nimbly and quickly when they appear."

Let's consider:

- how shifts in population demographics provide valuable data while you develop your company's marketing strategy;
- how the state of the economy, the unemployment rate, the consumer price index and tax rates influence consumer buying habits;
- why a new administration in Washington has an immeasurable impact on a variety of factors that influence small business from poli-

cies on micro-enterprise development to expanding or decreasing government procurement opportunities.

Additionally, we learn about business practices by paying attention to investment trends. The fact that social investments grew from \$1.185 trillion in 1997 to \$2.16 trillion in 1999 confirms a point made in the 1999 Social Investment Forum's Trends Report: social investors are a fast-growing segment that is putting pressure on firms to be socially responsible in their business practices.

## Check the facts

If you are the entrepreneur of a B2B company, some statistics will help you design an effective advertising campaign and sales strategy. The Small Business Administration (SBA) estimates that in the past decade the number of minority-owned businesses has increased 343 percent. Additionally, the number of women-owned firms in the same time period has increased 89 percent and revenues have increased 209 percent.

In 1997, *Inc. Magazine* reported that 39 percent of the fastest growing companies were those in the computer area. Recently, Oprah Winfrey had two intelligent and poised "Cyber CEOs" on her show. They were millionaires, running huge companies. The catch? They were 17 years old! The self-proclaimed, telling commonality between the two? They paid attention to the forecasts and realized an opportunity.

## Informational workshops

How can entrepreneurs take advantage of information about trends and forecasts and utilize it in their day-to-day business practices? By participating in cutting-edge, forward-thinking, informational and skill-building workshops, you will acquire the tools you need to implement the most effective and innovative business practices.

The *Business in the 21st Century Conference* is designed for entrepreneurs at every stage of business development. The presentations and workshops will help you understand how trends and other forces influencing the future can provide insights and answers to strategies and problems that effect your business, whether it is existing or start-up, wholesale or retail, product or service, private or public.

Workshop topics include, *Fundamentals of Equity Financing*, *Taking it to the Bank*, *Creating an Internet Based Marketing Plan*, *Customer Relations Management On and Off the Web*, *Strategic Planning for Your Business*, and *Navigating the Procurement and Certification Maze*. In addition to gaining a wealth of information, take this opportunity to meet other 21st century entrepreneurs while you network for business success.

For more information or to register for the conference, call Sharon Zimmerman at the Center for Women & Enterprise, 508-363-2300, x 204 or send an email to [szimmer@cweworcester.org](mailto:szimmer@cweworcester.org). **VF**



## Member News

The Venture Forum's very own Norman T. Brust, principal of NTB Associates, presented a seminar on How to Write a Marketing Plan on April 1, 2001 at the Manufacturing Jewelers & Suppliers of America (MJSA) Expo Providence & Technology Showcase in Providence, Rhode Island. This seminar described the elements of a sound marketing plan, including market research, strategic positioning of a product or

service, targeting and segmenting of the market, the development of a marketing and sales plan and setting an annual budget and goals. More than 125 suppliers of findings, machinery, equipment, supplies, chemicals, packaging and business services related to the jewelry industry were on hand to display their products and services at the Expo Providence & Technology Showcase.

## Business Plan Contest

Have you submitted your business plan yet? Better hurry - you've got less than a month to meet the **May 11th deadline**. Send in your submission now and maybe your business plan will be the lucky one announced on June 12. Last year the judges had a record 23 business plans from which to choose!

Prizes include more than \$5,000 in cash and \$5,000 in-kind services. Don't procrastinate. Collect your information and write the best plan you can. Who knows? Your plan might turn out to be a winner!

If you would like more information or are interested in becoming a sponsor for the business plan contest, please contact Brian Dingman at 508-791-8500 or Gina Betti at 508-831-5075.

### New Event!

## Recognition of entrepreneurs\*

The Venture Forum has instituted a new event intended to give entrepreneurs an opportunity for a "60-second commercial."

After the keynote speaker and before the break, seven or eight entrepreneurs (first come, first served) will be invited to give a one-minute presentation from the podium. Our goal is to recognize entrepreneurs; you decide the content of your presentation.

The one-minute rule will be strictly enforced and there will be no questions allowed. Each entrepreneur will be allowed to show one over-

head slide, which you can bring or prepare on site. We will provide materials.

Each entrepreneur will be allowed only one opportunity to do this per each new business venture. Your main objective is to generate investments and/or advice through this opportunity, rather than sales.

*\*Definition of an Entrepreneur - One who organizes, manages and assumes the risk of a business or enterprise. This can include pre-startups. VF*

## E-mail: write subject lines with pizzazz

*Continued from page 3*

came to work on a foggy morning and noticed that someone's headlights were on. He sent a message to everyone in the company with the following subject line: *White Honda, license plate 123 ABC left lights on*. People realized that Tom was at his desk, and responses came back immediately. Following is the text from just two of the messages that used Tom's subject line *White Honda, license plate 123 ABC left lights on*.

Message 1: "Tom, I'd like to attend Wednesday's class. What time?"

Message 2: "What are you doing for lunch today?"

Neither message had anything to do with the original message Tom had sent, yet neither person changed the subject line for the reply. The subject line should always reflect the message.

*Sheryl Lindsell-Roberts is an award-winning business writer who helps her clients have the impact they want to have on their clients. She specializes in brochures, proposals, customer testimonials and text for web sites. You can contact Sheryl at 508-229-8209. VF*

# Rethinking your Internet strategy: Part I

by Jean Sifleet

This article was written in collaboration with Susanne Flynn, Strategic Development Consulting.

## Latest wonder of the world

Whether you call it web-enabled commerce, e-commerce or e-fulfillment, the trends are clear - the demand for better, faster, cheaper, 24x7 service is worldwide. As electronic exchanges emerge, the Internet is transcending physical constraints, creating the playing field of the 21st century.

The Internet offers a common ground for communication, collaboration and reporting. As an example, during a recent global client engagement, almost all of our communication with the client team was conducted via the Internet. We established a virtual project team comprised of individuals from five different companies, working collaboratively to achieve the project goal and client satisfaction. The project and team was managed almost entirely via the Internet.

With the Internet as the common ground, tighter couplings with customers, suppliers, employees, distributors — the whole supply chain — are possible. Effectively using the Internet for collaborative product planning, development, manufacturing, service and delivery brings faster time-to-market, time-to-profit and improved customer relationships. Virtual collaboration via the Internet and greater synchronization along the supply chain is blurring the lines between customers and their suppliers. Boundaries between companies and their competitors are also growing fuzzy as the competitor of today turns into the strategic partner of tomorrow.

## Remember the fundamentals

As a result of the Internet debacle of 2000, many companies are pulling back on their investment in the Internet. Don't overreact. Internet technology, no matter how glamorous and exciting, does not sustain a business. Key lessons from the dot-com stumblings of 2000 reaffirm the importance of sound business essentials. Critical business fundamentals include: (1) value, as perceived by the customer, (2) cost & quality, and (3) competitive positioning.

Additionally, rethinking your Internet strategy is a good plan. This is the time to focus your plan to leverage the Internet strategically, so that it adds value to your business model.

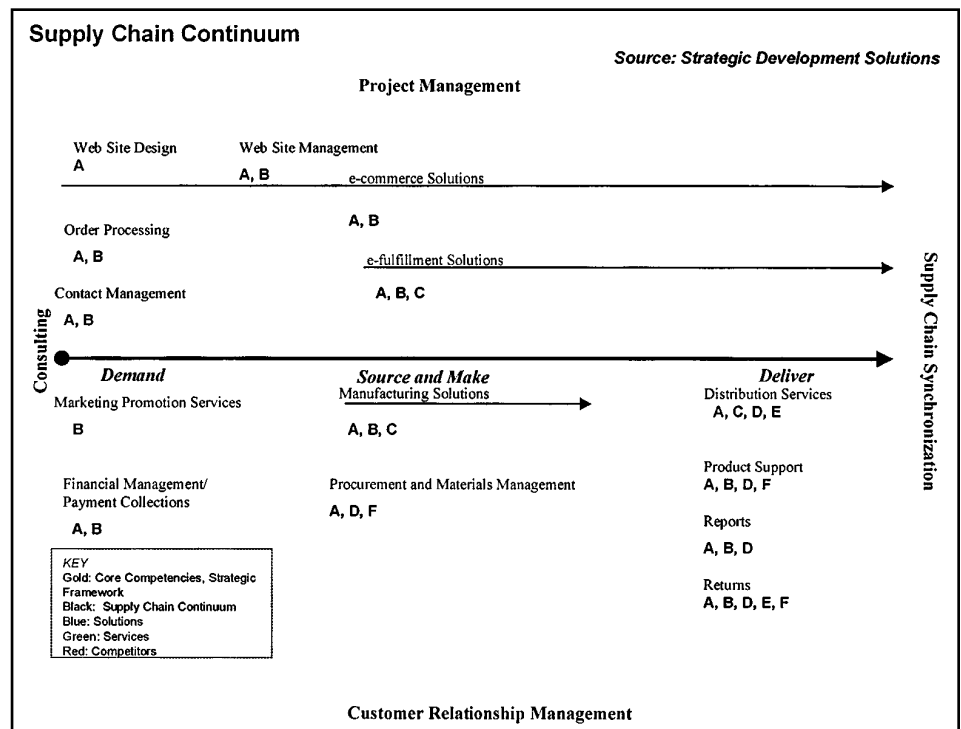
## Prepare or perish

There is little choice but to leverage the Internet. As global electronic marketplaces and business-

to-business electronic auctions drive prices down, the forces of competition will sort out the players. The winners in the new era will be the companies that continually add value to their products and services by using new technologies and adapting their business processes.

Continued on next page ►

Figure 1





# No glut in crystal ball inventory

by Jeffrey Shuman and Janice Twombly

## Develop a strategic plan

To achieve competitive advantage on the Internet-enabled playing field, you need a plan. The key question is always “what’s your value proposition?” Once you’re clear on the “value” question, it becomes easier to identify core competencies so that other functions can be outsourced and your business processes streamlined for more cost effective delivery of products and services.

## Monitor the competitive environment (Distinguish “hype” from reality.)

Even though it may be difficult in the fast-paced world of running a company amid a rapidly changing marketplace, it’s important to remain aware of what’s happening in the external environment. There are many players in the continuum of supply chain providers. Many claims are being made about tightly coupled services and end-to-end supply chain management. The hype, though, is ahead of the reality.

We recommend developing a supply-chain continuum picture for your industry. This is a visual framework of the players and their positioning. It’s dynamic, with alliances and acquisitions constantly changing. An example is shown in figure 1.

As noted in the key in figure 1, the centerline shows a basic supply chain from demand to deliver. The words in the exterior frame convey the core competencies required for success, including project management, supply chain synchronization, customer relationship management and consulting. The smaller print denotes services and solutions, which are bundled services. The letters A-F represent various competitors.

Look for Part II in next month’s issue.

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We hate to be the bearers of bad news, but it seems...glut is everywhere. If you have read any of the several articles that appeared in both online and offline publications of late, you can’t help but come to the conclusion that companies are awash in inventory. In fact, it has become so bad that in a recent congressional appearance, as noted in *Fortune*, Federal Reserve chief Alan Greenspan zeroed in on the glut. “We are observing the beginnings of what is probably a major inventory correction,” he said.

Whether in automobiles, construction materials, apparel, retail, steel, casino slot machines, or infotech products, according to *Fortune*, the speed with which the economy has contracted has apparently caught businesses with their shelves and warehouses brimming with goods.

The major point that these articles make about inventory glut is that, despite the millions and millions of dollars that companies have spent over the past several years developing and implementing inventory and production information systems and processes, unexpected inventory buildup is still a major problem.

As a case in point, look at what *Fortune* had to say about Cisco. “Cisco’s forecasts were wrong, and the process of checking orders, which tunes forecasts and production, was wrong. Cisco got blindsided.” This happened, as *Red Herring* claims, despite “millions spent on inventory management efforts.”

In fact, some observers have even gone so far as to call the promised improvements in inventory management, just another MYTH. For example, writing in *Red Herring*, J.P. Vicente tries to debunk what he claims to be yet another economic fairy tale of the information age — “that technological advances would help companies achieve the nirvana of business management: zero inventory.”

Fortunately, this conclusion is wrong.

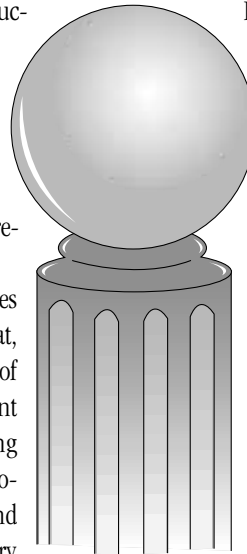
Yes, it’s true that for all intents and purposes it’s still impossible to accurately forecast how many widgets you need to make. As the quote about Cisco demonstrates, despite spending millions of dollars on inventory system information technology, companies still end up “guessing” how many units to produce. For all their investment in information systems, all they get is the ability to find out sooner that their guesses are wrong (which, of course, is not without some value).

It is our view that companies need to put away their crystal balls and replace them with business models and processes that are based on customer involvement and collaboration in developing and producing the products their customers need and want. Remember, inventory exists due to a lack of information. If you knew with certainty what your customers wanted, there would be no need for crystal ball gazing.

Just look at what Dell Computer’s much-heralded business model has done to their days of supply in inventory. For fiscal years 1997, 1999, and

2001, Dell’s days of inventory have fallen from 13 to 7 to 5, respectively. Okay, they ▶

*Continued on page 10*



## No glut in crystal ball inventory

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haven't gotten to a zero inventory level but, compare their results against those of Apple Computer, which according to *Red Herring*, saw its inventory climb to 11.5 weeks in November 2000 from a mere 3.9 weeks in the same period of 1999. By the way, notice that while Dell's figures are in days, Apple's are in weeks. And it's the same story at Compaq where inventory has increased from 5.6 weeks to 8.4 weeks and at Hewlett-Packard where inventory has gone from 3 weeks in 1999 to 5.2 in 2000.

Obviously, you don't need a crystal ball to see what's going on.

We're not trying to minimize the very real issues and complexities in trying to develop and put in place the information systems that companies need if they hope to be successful in the networked economy. But, it's our view that it's not technological advances in information systems that are at fault. Rather, it's the business models and operational processes that the information systems are based on that are faulty.

It's interesting, when you read marketing collateral materials or visit company Web sites, you very often get the impression that businesses really do understand that the world has changed and we've now reached the point where customers are really in control. Unfortunately, many of the companies that express this belief do not fully comprehend the implications that the shift in power to customers has on a company's business model, systems and processes.

Using 21st century information systems on 20th century legacy business models and processes will never enable a company to be suc-

cessful. Instead, companies need new collaborative business models and operational processes that focus on, and derive their structure from, the needs and wants of their customers.

Clearly, it's time to put away the crystal ball.

*Jeff Shuman and Jan Twombly are the co-founders of The Rhythm of Business, a Newton, MA consulting firm that helps build customer loyalty and grow profitable busi-*

*nesses in the networked economy. They are the authors of the forthcoming book, Collaborative Communities: Partnering for Profit in the Networked Economy (Dearborn Trade, May 2001). Shuman is also a professor and director of Entrepreneurial Studies at Bentley College in Waltham, MA and the author of The Rhythm of Business: The Key to Building and Running Successful Companies (with David Rottenberg, Butterworth-Heinemann). This article was written with the assistance of Rottenberg. VF*

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Dale Carnegie (1888-1955)  
U.S. teacher, writer

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