

## **WPI Venture Forum**

Worcester Polytechnic Institute  
Alumni Association  
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### **WPI VENTURE FORUM CALENDAR OF EVENTS**

*January 20, 1998*

Structuring Your Team for Growth

*February 17, 1998*

Growth Forecasting—Not Just Smoke and Mirrors

All meetings in Kinnicutt Hall, Salisbury Labs  
(our usual location).

For a recorded announcement of the next  
program or to receive future mailings, call  
(508) 831-5821.

#### **Directions to WPI Campus, Salisbury Labs, Room 115**

**From the East**—Take Massachusetts Turnpike (I-90) to Exit 11A (I-495). Proceed north to I-290, then west into Worcester. Take Exit 18, turn right at end of ramp, then take an immediate right before the next traffic light. At the next light, proceed straight through, bearing right onto Salisbury Street. At the WPI sign, turn left onto Boynton Street. Parking will be on your right, behind Gordon Library. Salisbury Labs is up the hill across from the Library.

**From the North**—Take I-495 south to I-290. Follow directions as from the east.

**From the South and West**—Take Massachusetts Turnpike (I-90) to Exit 10 (Auburn). Proceed east on I-290 into Worcester. Take Exit 17, turn left at end of ramp, follow Route 9 west through Lincoln Square, straight onto Highland Street. Turn right onto Boynton Street. After crossing Institute Road, parking will be on your left, behind Gordon Library. Salisbury Labs is up the hill across from the Library.



# THE WPI **VENTURE** FORUM

Promoting and serving technology-based entrepreneurial activity  
www.wpiventureforum.org

Volume 7 No. 5  
January 1998

## Structuring Your Team For Growth

*A look at the upcoming meeting*

Tuesday, January 20, 1998  
WPI Campus, Salisbury Labs  
Registration: 6:00pm  
Meeting Begins: 6:30pm  
Admission Fee: \$7.00

**H**aving a great idea for a business is essential, but once you've created your dream, what are the strategies for success? How do you move beyond the basics and build a company? Further, how do you design one that is flexible and poised to take on the challenges that you will encounter? Many entrepreneurs falter when they move beyond the startup phase. Our speaker for January clearly did not, and in 1996 her then seven year old company was named to the *Inc.* 500, the magazine's list of the fastest growing companies in the US.

The WPI Venture Forum is pleased to present on January 20, 1998, Judith Nitsch, President of Judith Nitsch Engineering, Inc. (JNEI) who will share her ideas and experiences on *Structuring Your Team For Growth*.

### Exceptional Career

Judy graduated from WPI in 1975 with a BS in Civil Engineering and in 1989 was elected to WPI's Board of Trustees. Her career has been exceptional: for example, she was elected Vice President and a member of her first employer's Board of Directors at 26. She then joined another



*Judith Nitsch, P.E., President, Judith Nitsch Engineering, Inc.*

firm where she became a Board member within one year and a stockholder, such that the company's name was changed to include hers. Judy has received five young engineer awards, and in 1997 was named "Woman of the Year" by the Boston chapter of the Women's Transportation Seminar, as well as being admitted to the College of Fellows of the Society of Women Engineers. Further, Judy is very active in many professional societies and is President-Elect of the American Consulting Engineers Council of New England.

In 1989, Judy founded Judith Nitsch Engineering, Inc. in Boston, MA. JNEI provides civil/site engineering, land surveying, planning, design, and consulting services to public and private clients, with her staff of over 50.

### Three Key Areas

Judy's presentation, *Strategies for Success*, will explore three key areas. First, she will discuss growing JNEI's team, as well as her philosophy of staff development as an investment in the future of the company. Next, Judy will share her beliefs and experiences with using outside specialists as a way to effectively use limited capital. Finally, Judy will examine some key decisions made and their outcomes in a section she calls "Lessons Learned."

Join us on January 20, 1998. Judy Nitsch is an excellent speaker and a thoughtful business owner whose ideas and beliefs have helped make her company successful.

### Case Presentation

Vascular Sciences  
Michael Drues, Ph.D.  
President and Chief Technical Officer  
11 Crescent Street  
Natick, MA 01760

Vascular Sciences develops realistic physical models, called biosimulations, that mimic the functions of a real human being. In other words, Vascular Sciences biosimulation tools provide medical device companies and physicians a convenient, cost-effective and reproducible method of creating the look, feel and responsiveness of the human body for a variety of medical device products and surgical procedures

A crucial step in bringing a new medical device to market is obtaining the approval of the FDA. In order to win FDA approval, device companies must meet new FDA requirements, which mandate the use of simulation testing for all non-exempt products.

Vascular Sciences, our case presentation for January, is developing a standard product line of biosimulation models for cardiovascular and neurovascular applications. However, for customers whose needs can not be met by the standard product line, custom product development services will be available.

The President & Chief Technical Officer of Vascular Sciences is Dr. Michael Drues. He ▶

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January  
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## VENTURE

The mission of the WPI Venture Forum is to promote and serve technology-based entrepreneurial activity through education, networking, and recognition.

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## Letter From The Chair

# Programs For The Entrepreneur

Brian Dingman, Chair

This month marks the halfway point of the 1997-1998 season of the WPI Venture Forum. In the first half of the season we were treated to a number of interesting and informative topics and also had some fascinating case presentations. In the meeting evaluation forms which we have collected for years after each monthly meeting, we consistently find that people come to the meeting because of the topic and/or the speaker, but leave having enjoyed the case presentation as well.

In the second half of our seasons, we traditionally offer a number of programs which take place annually rather than monthly. Among those are our annual workshop, the business plan workshop, business plan contest and our mentor's dinner. I would like to briefly introduce each of those programs.

The annual workshop is the keynote event of the Venture Forum year. This year the workshop will take place on March 14, 1998, from about 8 a.m. to 2 p.m.. The theme for the workshop this year is "Supercharging Your Sales". The workshop will be an intensive, seminar-like format, with a plenary session on key sales growth issues and at least three break-out sessions which will each treat a sales-related topic in depth. We expect to have about a dozen technology business luminaries as the speakers for the sessions. The day will begin with a keynote talk by an extremely well-known business person with many years of experience in sales and sales management for technology businesses.

Look elsewhere in this newsletter for a more detailed announcement of the program. Make sure to sign up early to take advantage of the discounted price and to ensure a place at the program.

The business plan workshop will take place one night per week for six consecutive weeks beginning on Thursday, February 26, 1998. The workshop is limited to about 10 participants. Bob Creeden, a Vice President of the Massachusetts Technology Development Corporation (MTDC), will conduct the workshop. As a venture capitalist, Bob has read, studied, critiqued and written hundreds of business plans for technology-based businesses. Bob will, as he has done in past years, work with each participant to develop an actual business plan. The workshop is timed to dove-

tail with the business plan contest, so that plans developed and finalized during the workshop can be submitted for the contest.

The business plan contest culminates with the announcement of the contest winner at our June 9, 1998 meeting. Entries to the contest will be due some weeks before June 9. You will find announcements and entry requirements in upcoming issues of this newsletter.

The business plan contest is open to any New England technology-based business at any stage of its business life, from pre-startup to re-start, and everything in between. The plans submitted to the contest are judged by five or more entrepreneurs, lawyers, accountants, venture capitalists and others well-versed in quality plans. The contest winner and the two runners up will have a chance to present their plans to the audience at the June 9 meeting. The winner will receive a prize of cash and services at the close of the meeting.

The last program I promised to preview is our mentor's dinner program. We ran our first mentor's dinner in the Spring of 1997 and the event was extremely successful. The concept is to put a handful of attendees together with an experienced business person for an evening over dinner. Each table is also attended by a facilitator, who helps ensure that all participants have an instructive and enjoyable evening. This is a great opportunity to spend time one-on-one with successful mentors and also presents a wonderful networking opportunity.

Look for announcements of each of these programs, and more, in this and upcoming issues of the newsletter. We look forward to your participation in our events.

Also, please join us for this month's meeting when we will learn about structuring your team for growth. We also expect to have a fascinating case presentation. See you then!



Brian Dingman is a partner in the Westborough intellectual property law firm of Nields, Lemack and Dingman. Brian can be reached at (508) 898-1818, or by email at [NLDlaw@aol.com](mailto:NLDlaw@aol.com). **VF**



# Choosing the Right Investor

by Robert Creeden, Vice President, Massachusetts Technology Development Corp.

Raising money is a critical choice in the life of your company and demands as much attention if not more than most any other decision. While most of the attention in this area focuses on what an investor wants, this knowledge is useless if you are talking to the wrong organization. As you begin your money raising efforts, I have outlined below some of the key questions/factors you should know and understand about both your company and the investor - before you enter this relationship.

Selecting an investor is analogous to selecting customers. Each company picks a target market, understands the needs of the market and then adopts a strategy to be successful in that market. The process of raising money is not very different. Your product is your company and you. The customer is the investor and you need to decide the strategy to obtain the investment, e.g. the sale. Your objective is to find a good fit between your company and your investor, just as you attempt to find a good fit between your product and your target market. In order to be suc-

cessful in your "sale" you must focus your efforts and consider many factors. Raising money is a difficult and time consuming task. The more you know about your investor's needs, the more you can shotgun your efforts with significant time savings and potentially higher probability of success. Some of these fundamental issues are:

**Stage of your company.** This is key because investors have preferences. Some prefer start-ups, some prefer more established firms. You must understand what stage of company the investor is interested in so that you do not waste time talking with investors who do not invest in companies at your stage.

**Amount of funding required.** As with the issue of stage, many investors also have preferences for funding requirements. While this is often a factor of the size of the fund, it is still something you need to understand so that, again, you will not be wasting your time.

**Industry preference.** Investors often have industry preferences. These may be based on knowledge or past investment experiences. But you will want to find an investor who is comfortable with investing in your industry, or maybe even your particular segment.

**Where can you find this information?** It is difficult to find out this information for a private investor although the person who introduces you to the private investor may have some knowledge about these issues. For the venture capital environment, one source is the Pratts Guide to Venture Capital, which can be found in most public libraries. However if you can not find one call one of the Small Business Development Centers in the state and the individuals in the center will be able to assist you.

Once these preliminary factors are understood, you need to evaluate your investor just as

they are evaluating you and your company. Some factors to consider here are:

**Depth of pockets.** What is the size of the fund? Does the investor participate in follow-on financings and what is the limit of the investor's participation? This is critical because no matter what you may believe, you will need more money. While some companies have been able to reach its goals with one round of financing, these are the exception rather than the rule.

**Industry expertise.** As mentioned above, investors have industry preferences. Check out the experience in the industry of the investor. If you are a software company, you will want an investor who understands and has faced the issues you will encounter as you grow. This is a tremendous value add that should not be overlooked. If you have a good deal, anyone will give you money but experience and expertise in your industry is priceless.

**Capability to help with other financing sources.** What is the investors reputation in the industry? Have they done deals with other investors and do they have a network or an ability to assist you in raising money from other sources?

**Chemistry.** This is most important. Unless you are an unusual case, you will probably be "married" to this investor for a period of seven to ten years. That is a long time and many things, both good and bad, will occur over that time period. Make sure you can work with this investor. Understand the agenda of the investor. What do they want out of this investment? Does it fit with what you are looking for? I believe this is the most important factor for you to consider when choosing an investor.

Another critical piece to the whole issue is the **Valuation.** Do not assume that a higher valuation is better and that you are better off. The issue of valuation must be thought of not only in terms of today's valuation but also the next round. Look out ahead to the point when you will need to raise that next round of financing. What will you have accomplished? Will significant growth have occurred or major milestones met?

Raising money at an inflated valuation makes you feel good in the present but could hurt in the future. If the valuation is too high as it relates to company performance to date, two things happen, neither of which is pleasant. First, no one will pay the price and you face being out of money or forced to operate on a shoestring. Unless you decide to choose option number two—taking funds at a lower valuation. In this case you are happy to get the money, but your investors have just suffered price dilution resulting in a write down of their investment. An angry current investor group is not a pretty site!

Will you always be able to guess right? No. But by being realistic about valuation in ►

# Launching Your New Product

by Stephen N. Davis, Principal, The Davis Management Group

That new product has survived the product development cycle and you're ready to send it into the market. But in most instances, you'll only get one shot to launch it. To do it right, consider the following materials to be prepared and programs to institute.

## Literature

After prospects see your ad or press release, descriptive literature usually gives them a first impression of the product and your company. Be sure to clearly communicate the product's benefits. Tell why the customer should choose it. Let them know that you will stand behind it with service and support. List the products specs but don't let excess technical detail obscure your message about benefits. Most start-ups make the error of putting too much information into literature and ads. Specs don't sell products; benefits do. When faced with a technical selling situation, consider developing two pieces of literature - one focusing on benefits and the other for detailed specs.

## Sales Training Manual

It's necessary to sell your sales organization on the product as thoroughly as customers. Make a complete marketing presentation to your sales force and convince them that the new product will benefit them with increased business. Prepare them thoroughly for the coming battles. It won't take too many defeats before a salesperson gives up on a new product and focuses on more profitable business.

A good sales guide should include information on:

- **The Product** - Assume that a sales rep knows little about the technology and product. Cover this material in detail. Tell what it is, how it works, as well as, what it does and doesn't do.
- **Target Markets** - Show your sales force what markets the product is positioned to sell into. Include detailed descriptions on these markets, their size and how such customers might use the product. Show who typically makes the purchase decision in target companies and how such decisions are made.
- **Competition** - Your salespeople should be aware of the competitors' strengths and weaknesses. They must know how to sell the products advantages as well as how to counter a competitor who points out its dis-

advantages. Include a comparison matrix that includes all major specifications, advantages, disadvantages, and prices. Provide reps with the ammunition to shoot down competitor's claims made in ads or brochures.

- **Promotional Aids** - List your entire marketing-communications program. Include copies of datasheets, brochures application notes, article reprints, intended ads with their placement schedule and trade show schedules.
- **Sales Forecasts** - Provide details of your sales expectations in each territory.
- **Advance List of Prospects** - It takes time before your PR and advertising campaign generate leads. Provide each sales rep with a list of potential customers. You can obtain such lists by reviewing your customer list or by purchasing outside lists from vendors already participating in your targeted market with complimentary products.

## Demonstration Units

An inadequate supply of demo units can hamper a launch. Many companies waste time by shuffling demo models among territories, so make sure you have an adequate supply in each territory. Although a powerful selling tool, demo units can become a large budgetary item, so monitor their use closely. Set down strict guidelines detailing which prospects can get a demonstrator and the length of time that it can remain in their hands.

## News Media

PR is often the most productive and cost effective way to reach a target audience. Most readers assign greater credibility to editorial coverage than to advertising, so a technical article can be more convincing than a brochure. Send out a news package that includes a 1 or 2 page product news release, an 8 x 10 photo, a company backgrounder and data sheet. You might also include competitive charts. For increased coverage of key new products, schedule personal meetings with the editors. Forget press conferences. Unless your company is very large, an industry leader or a high-rolling venture-backed start-up, you're not likely to get significant attendance at a press conference.

## Ads

Select the magazines you want to advertise in based upon your product goals, market and customer specifications. Get professional help in creating ads. Most start-ups get caught up in the

technology and tend to put too much information into the ad, rendering it ineffective. Plan your ad calendar for six months. After the first few months you should have enough feedback to fine tune your ad message and media selection.

## Trade Shows

Most firms foolishly wait to launch new products at major trade shows, only to find out that their announcement got lost in all the noise. It's more effective to time your news so that articles start to appear a month before a major trade show. This approach increases booth traffic with qualified prospects. If you can't time an ad to hit before a show, then time it two months later, allowing the noise from the show to die down.

Several barriers can trip up a new product in the final stages of an introduction.

## Poor Timing

Introducing a product before it's ready can mean failure, lost market share or bankruptcy. Lotus announced 1-2-3 Rel. 3.0 more than a year too early and has seen its market share erode. Osborne Computer announced a series of new systems before they were ready to ship, and its sales plummeted while customers waited for the new systems. Losses mounted and the firm went into bankruptcy.

In addition, you can introduce and ship products before the market is ready for them. Write Once Read Many (WORM) storage devices have been available for several years, but their sales never met original expectations due to a lack of applications that effectively take advantage of the technology.

## Product Doesn't Work

The launch represents an opportunity to spotlight your product, but a design that has reliability or quality problems early on can effectively kill future interest in it, even after the bugs are worked out. In 1983, Corvus Systems introduced

a backup storage device called The Bank, which was based on recirculating-loop videotape technology. Early reliability and quality problems prevented the company from positioning it as a device to reliably back up a hard disk.

### **Poor Sales Training**

If the sales force can't effectively demonstrate the product or communicate its advantages, customers will likely choose a competitor's unit.

### **Moving Targets**

Markets are constantly changing. Prices can drop without notice. Competitors can launch new products. New technologies can make your product less attractive.

### **Biting Off More Than You Can Chew**

A company might decide to enter a market outside its area of expertise. Strong skill sets don't necessarily guarantee the ability to penetrate new markets. Look at National Semiconductor's dismal failure in watches and calculators.

*Stephen N. Davis is Principal and Founder of the Davis Marketing Group, located in Franklin, Massachusetts. His firm specializes in marketing, sales and product introduction services for high technology companies. Stephen can be reached at 508-528-7571. VF*

# **Pricing Strategies**

*by Stephen M. Aronson, President, Star Consultants*

Lots of things go through the mind of an entrepreneur pursuing a new venture. In addition to the invention or idea, assume all the normal business plan bases are covered - so lets begin selling!

But wait! What will you charge for your product or service? Well, thats easy you think; charge a high price so you can make gazillions of dollars. Not so fast - pricing is a much more complicated decision than most of us understand.

### **What does pricing mean?**

I guess a perfect answer could be providing just enough of something (supply) at a price that a supplier is willing to sell at, so that a needy buyer (demand) is willing to pay, without any something left over. But, thats much too simple and there are many issues to be addressed before deciding on the price.

First, you must understand the costs and overhead necessary to create the item and run the business. You shouldn't want to sell something at less than cost, should you? Cost is important but so is figuring out who the buyer is, and what role that buyer has in the product/service life cycle. For instance, brokers, distributors, wholesalers, retailers and end-users each have different roles in that cycle and the price must reflect the profit needs and function of each of those buyers.

### **How does price affect profit?**

If the price is too low, you may sell a lot but may lose money on each one. You really can't make it up on volume, unless it's a loss-leader. A loss-leader is like using bait on a fishing line, you give it away in the hope that it becomes a sunk cost (no pun) investment that will attract a much larger return.

If the price is too high, you may make money on each sale but fewer and fewer buyers will perceive an appropriate value and sales volume will diminish. As the demand disappears, so will profits and then the recapture of your costs and then ... well, you get that idea.

### **What price market-niche makes sense for you?**

Just as important as covering costs, pricing is a terrific tool to establish how the user sees your product or service. By price alone (at least until perception reaches reality,) you can establish what you have created as a market leader or follower, how it is different from the competition, how the consumer perceives its value and how much profit you can make.

As an example, lets look at the auto industry. Luxury lines are easily defined by Lincoln, Cadillac, Lexus and Infiniti. The vehicles truly

are nicely appointed and handle very well and provide a handsome profit to their makers. For the most part however, it's a matter of sprucing up a somewhat lesser priced car and setting the perception with a higher price. A couple of anomalies are interesting to think about. Chrysler used to have a luxury vehicle called Imperial. It didn't last even though it was a fine vehicle. It was priced too high for the perceived value and not enough were sold to sustain the line. In a different product concept, radios manufactured by Bose are easy to pick out as a luxury. But, if the advertising is to be believed, that may be because the technology actually is better than the standard radio technology. Consumers may be willing to pay a huge premium for better sound.

### **How does price affect marketing?**

There are lots of examples here but lets look at a couple that are fun to contemplate. The Gillette strategy is to practically give away the razor, and make a little profit on every blade. That's like an annuity as opposed to those who use an electric razor and pay a lot one time up front (\$30 to \$125). Microsoft uses its almost monopolistic power to charge almost what it wants on its software, but has to be careful not to force consumers elsewhere (where?) and yet not get the anti-trust forces after them. K-Mart specials speak for themselves — bargain prices in a bargain store.

Then there's the almost absurd price-value relationship that Harley Davison has engendered with its motorcycles. It's strategy is to raise prices, limit production, create a mystique, and hope that the consumer is willing to wait two years for its bike and not go to a lesser-perceived transportation mode.

### **Can you justify the value for the customer?**

This stratification of market niches can go on forever, but let's examine the low-end, less expensive market for a moment. Instead of cars, think about computers. Packard Bell clearly is trying to be the bargain leader through lower prices. Its market share is large because it's deemed to be a good value for the cost.

Even if you've decided on the niche you want to target, it's complicated because not all buyers will perceive the same value for the same product/service cost. Think back to my previous comments about the Imperial. Now think about Apple products. What has happened to the cost-value relationship to those who are able ▶

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## What Do Your Customers Really Want? (The Importance of Contracts)

by Jean Sifleet, JD, CPA and Cynthia Sechrest, CPA

We make assumptions everyday about what's important to our customers. It's important to check your assumptions and verify that what you think is important is what your customers really value.

Carla Smithson, our hypothetical business owner of Smooth Solutions, a custom software company, is trying to understand her customers better. She is working with her business team to analyze the prior year's projects - looking at cost and profitability on a per project basis - and trying to assess what the customers' priorities were for each project.

Working with her business team, Carla has identified a number of areas that she wants to better understand from her customer's perspective. Carla sees three major categories of customers: (1) those that emphasize price, (2) those that emphasize schedule and (3) those that emphasize functionality. Carla is confused by the conflicting priorities and wants to understand how to structure her proposals to align with what's important to these different categories of customers.

Carla also feels a sense of conflict - she wants to deliver quality software and has found that some of the customer imposed constraints make things difficult - since she doesn't want to compromise her professional standards and yet needs to keep costs down in order to be profitable.

### Customers That Insist On A Fixed Price

Carla has identified a number of customers who place a great emphasis on a fixed fee for the project. Fixed fee customers want Carla to commit to a specific price, but are unwilling to commit to a project specification and completion criteria.

This resulted in several unprofitable projects for Carla - since the customer kept asking for more work after Carla had reached and exceeded her estimates of work planned for the proposed price. The customers insisted on holding Carla to the fixed price and Carla wanted to understand how to handle this situation in the future.

Now Carla knows that she must insist on clarity about the scope of the project and com-

pletion criteria in the project proposal (e.g., this project includes... as demonstrated by delivery of software able to support these functions...) and specifically spell out that additional charges apply for work beyond that specified. Since some of these projects are really interesting and lead to numerous follow-on projects, Carla wants to figure out how to structure proposals that are fair to her and yet acceptable in the customer's budget.

### Customers That Insist On Firm Completion Dates

Carla found that a small group of customers seemed to place a premium on a firm date by which the project would be completed. While Carla's proposals are usually conservative in committing to a certain date, she vividly remem-

bers a couple of projects that ran behind schedule. She recalls driving through snowstorms to deliver documentation and staying up all night doing final debugging to complete the project by the drop-dead date.

Carla wonders why the deadline date was so important when the circumstances and the overall quality of the project would have been enhanced by a simple extension.

### Customers That Add Functionality And Increase The Scope Of The Project

Some of Carla's other projects seemed to get out of control because the functionality kept changing as the project progressed. One of these projects started out as a customization of an inventory management application for an electronics component retail operation. Once the inventory was under control, the client decided that it would be great to measure the effectiveness of the advertising program and track all items relative to the timing of specific ads.

To the customer, it seemed like a simple matter of telling the computer to prepare reports that showed sales of selected items in the period following the running of specific ads. In this way the customer would be able to evaluate the effec-

tiveness of specific ads and publications relative to the volume of sales generated.

The reality of the implementation was significantly more complex because of the old style data base on which the inventory application was built. Carla struggled to explain this to the customer and found herself doing a lot of work for which she wasn't fully paid.

### **The Importance of Contracts**

Part of the solution to Carla's business situation is to use contracts to more clearly document both the scope and term of the projects. Carla can see that a well-written contract would have prevented most of these problems. Carla hates long, legalistic contracts and she wants to avoid turning off her clients with a lot of legal babble. Working with her business team, Carla plans to use the process of writing the contract as a way of getting clarity about her customers expectations and what Carla is committing to deliver for the agreed price.

Carla understands that the contract does not guarantee her a good deal, but the process of writing down the agreement - in simple English - helps to surface assumptions and assure mutual agreement.

As Carla has learned from experience, the lack of a written agreement or a badly written contract

can cause problems. The problems usually do not show up until something goes wrong and then it's too late. It's difficult to enforce an agreement that is not written or to get out of a contract that you have signed. It is good business practice to specify a process to resolve disputes or negotiate changes that may be necessary as the projects evolve. An agreement to use friendly mediation to resolve any disputes is also recommended.

### **In Conclusion**

Using contracts as a standard business practice will help - but Carla still wants to better understand her clients. As her monthly meeting with her business team draws to a close, Carla is making note of the questions that she wants to ask in the process of discussing the future projects with each customer. She will use these questions as a basis for the contract that she'll make with each of them. In this way, the contract will read like the results of a friendly dialogue and address issues that are important to both parties.

*Cynthia Sechrest, CPA and Jean Sifleet, CPA and JD, collaborate together to solve the problems of their business clients and to help them to grow successfully. They can be reached at 508-772-6332. VF*



WPI Venture Forum Presents...

**Seminar Series**

# Business Plan Workshop

*Keys to Developing a Successful Business Plan: Hands-On Seminar Series*

Beginning Thursday, February 26, 1998, the WPI Venture Forum will conduct a six night workshop on "Developing Your Business Plan." This hands-on, interactive session will be facilitated by Robert Creeden. Mr. Creeden is a Vice President with the Massachusetts Technology Development Corporation, an early-stage venture capital firm focusing on technology-based companies in Massachusetts.

The program will be offered one night per week over six consecutive weeks, including one evening devoted solely to the topic of raising capital! Each session will last two hours and will be held on the campus of WPI. Participants will work with Mr. Creeden and other facilitators on the development of their business plan. The sessions will be both tutorial and interactive in nature, discussing the objectives, components, and format of a good business plan, with time for individual attention given to participants.

Due to the interactive format of the workshop, a limited number of companies will be allowed to participate. The fee for all six nights, including workshop workbook and other materials is \$125.

Workshop sessions will be held on Thursdays, beginning in February: February 26, March 5, March 12, March 19, March 26 and April 2, 1998.

This is the perfect training ground if you plan on entering the WPI Venture Forum \$10,000 Business Plan Contest, held annually.

If interested, please fill out the registration form below and mail with payment to:

WPI Venture Forum  
c/o WPI Alumni Association  
100 Institute Road  
Worcester, MA 01609

## Business Plan Workshop Registration

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
City, State, Zip \_\_\_\_\_  
Phone \_\_\_\_\_

## Pricing Strategies

*Continued from page 5*

to look at the buy decision on an economic basis only? There are some people who think a Mac is the only choice - no matter how expensive or inconvenient the purchase becomes.

Can/should you change the price?

Absolutely! Price should be constantly evaluated and changed when and if the end-users price-value relationship is adversely impacted. Look at how prices for computers and peripherals have changed, due primarily to technological enhancements but also due to competitive pressures. Even some car companies (Honda and Toyota) are adjusting their manufacturing strategies this year to reduce costs that allow them to lower the customers price. And they're even improving the features that are standard. Think the big three will notice?

And that's really the main point. Pricing strategy must be an important part of your business planning exercise. And it must be reviewed periodically to determine if it's maximizing your long term profitability.

*Stephen M. Aronson is President of Star Consultants, a management and small business consulting company dedicated to improving profit, cash flow and productivity. He has run Fords venture capital subsidiary, been a lender, lessor and owner. Steve can be reached at starcon@worldnet.att.net or at 978-263-6608. VF*

# Special Invitation For Entrepreneurs Mentor's Dinner

The WPI Venture Forum invites you to set aside the evening of Thursday, April 30, 1998, to attend a special event. We have arranged for seven successful, local business people to serve as Mentors for small, table-size groups of entrepreneurs. Spend dinner with one of these Mentors and discuss the ups and downs of how to start or grow a company. Find out what it really takes to succeed in business - all in a comfortable, dinner atmosphere.

## Our Mentors for this special evening will be:

- Mark J. Conoby, Vice President of Concorp, Inc. Concorp manufactures and services water treatment systems and process control systems.
- Michael A. DiPierro, President, Baystone Corporation. Baystone is involved in turnarounds, acquisitions and temporary CFO management assignments. Michael previously owned Polyform Corp. which specializes in custom plastic parts reaction injection molding
- Howard A. Gries, President, Kinefac Corporation. Kinefac specializes in cold forming machines, systems and die spring machinery, turning machines and automated inspection equipment.
- Donald A. Johnson, Member of the Board of Directors and Former Chief Executive Officer, Corning OCA Corporation. Corning OCA focuses on optical and electro-optical components and systems.
- Paul S. Kennedy, President, Kennedy Die Castings. This company makes precision die castings.
- Mark V. Parish, President and Chairman, Specific Surface Corporation. Specific Surface Corp. designs and manufactures compact industrial fibers.
- Edward P. Sayre, President and CEO, North Systems Associates, Inc. This company specializes in high performance engineering and design.

Like our Mentor's Dinner last year, this evening will begin with a short networking session at 6:00pm. Dinner will include a six course meal with beer and/or wine.

Reservations are being taken on a first-come, first-served basis for this limited seating event. To facilitate maximum communication among attendees, a limit of 42 entrepreneurs will participate - six attendees and one Mentor per table. Last year's Dinner was a lot of fun and very interesting, so reserve your spot now by returning the form below.

Yes, please sign me up to attend the WPI Venture Forum Mentor's Dinner on Thursday, April 30, 1998. Enclosed is my check for \$30 to cover the cost of the dinner.

Name \_\_\_\_\_  
 Company \_\_\_\_\_  
 Address \_\_\_\_\_  
 City, State, \_\_\_\_\_ Zip \_\_\_\_\_  
 Phone \_\_\_\_\_



Photo by Ron Bouley

*Our Mentors for last year were (l to r) Alfred Molinari, President and CEO, Data Translation, Inc., James Knott, Sr., President, Riverdale Mills, Inc., Patrick Healey, President and CEO, Superior Friction, Inc., John Argitis, President, G&F Industries, Inc., Edward La Fortune, President, Wachusett Brewing Company, Stephen Rubin, President and CEO, Intellution, Inc. and Ronald Chand, President, Chand/Kare Technical Ceramics.*

**Please return this form and check to:**  
 WPI Venture Forum,  
 WPI, Alumni Office,  
 100 Institute Road,  
 Worcester, MA 01609  
 Call 508-831-5075 if you need  
 more information about this event.

## Structuring Your Team

*Continued from front page*

completed his undergraduate and graduate studies in biomedical engineering at Iowa State University in Ames, Iowa. Prior to starting Vascular Sciences, Dr. Drues worked for, and consulted with, leading medical device companies ranging in size from start-ups to Fortune 100 companies. Dr. Drues is also adjunct professor of medicine at Northeastern University in Boston.

Dr. Drues' goal for this presentation of his business plan is to solicit feedback related to obtaining seed money for the support of product development and the procurement of intellectual property rights. A variety of potential sources are currently under consideration including corporate partnerships, SBIR grants, angel investors and growth based on internal sales. Dr. Drues sees this discussion as an opportunity for him to receive the observations of panelists and audience members regarding his business plan, and suggestions for the continued growth and success of Vascular Sciences.

Start the New Year with the WPI Venture Forum by joining us on Tuesday, January 20, 1998 for a stimulating evening with Ms. Nitsch and Dr. Drues. We look forward to seeing you. **VF**

## Choosing the Right Investor

*Continued from page 3*

the first round, you have a better chance in the future. No one said raising money is easy. However, if you do your homework and get to understand your investors, you will find this challenge more enjoyable and most likely more successful.

*Robert J. Creeden is Vice President of MTDC, an early stage venture capital firm located in Boston and sponsor of the WPI Venture Forum. **VF***



