

WPI Venture Forum

Collaborative for Entrepreneurship & Innovation
Department of Management
Worcester Polytechnic Institute
100 Institute Road
Worcester, MA 01609
(508) 831-5821

WPI Venture Forum Calendar of Events

Jan 18, 2000 – Business in the New Millennium

Feb 15, 2000 – Guerilla Marketing

Directions to WPI Campus, Salisbury Labs, Kinnicutt Hall, Room 115

From The East:

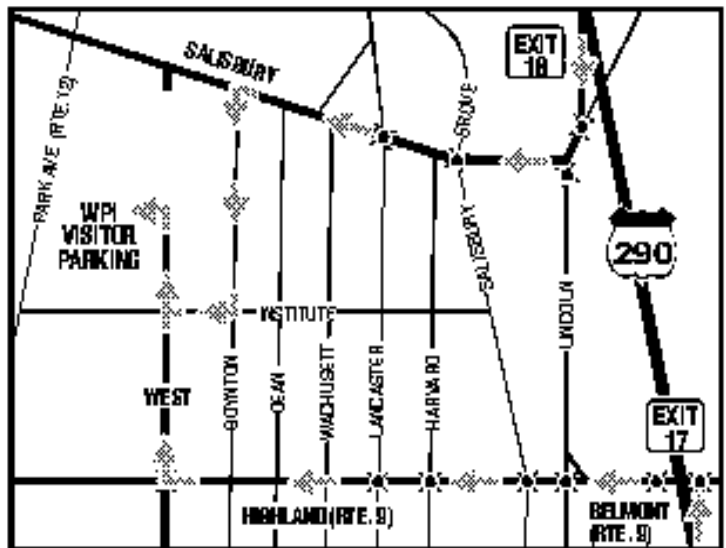
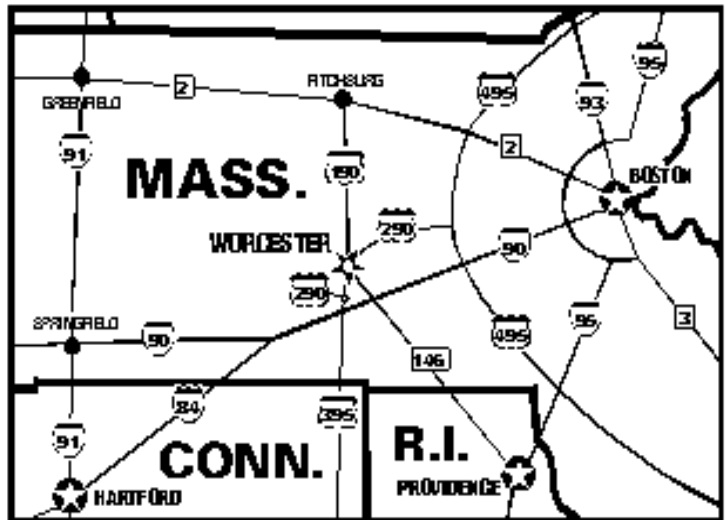
Take Mass. Turnpike (I-90) to Exit 11A (I-495). Proceed north to I-290, then west into Worcester. Take Exit 18, turn right at end of ramp, then an immediate right before next traffic light. At next light, proceed straight through, bearing to the right on Salisbury St., At the WPI sign, turn left onto Boynton St. There is parking in the large lot on the right behind Gordon Library or continue on Boynton St. then right onto Institute Rd., then right onto West St. Visitor parking is on the left after footbridge.

From The North:

Take I-495 south to I-290. Follow directions as from east.

From The South And West:

Take Mass. Turnpike I-90 to Exit 10 - Auburn. Proceed east on I-209 into Worcester, Take Exit 17, turn left at end of ramp, follow Route 9 west through Lincoln Square, straight onto Highland St. then right at light onto West St. Through first intersection of West and Institute Rd. Visitor parking is on the left after footbridge. Additional parking on Boynton St. behind Gordon Library.





Venture

VENTURE FORUM
NEWS

Up-Coming Meeting

Business in the New Millennium

Tuesday, January 18, 2000
WPI Campus, Salisbury Labs
Registration: 6:00pm
Meeting Begins: 6:30pm
Admission Fee: \$5. Members
\$10. Non-members

Is 2000 the year in which you choose to launch your business? Or expand your company beyond its current parameters? If so, join us on January 18, 2000.

The WPI Venture Forum is delighted to begin 2000 with a presentation by Michael Hopkins, executive editor of Inc. Magazine. Inc. is the nation's foremost authority on the entrepreneurial economy and on the challenges and opportunities faced by company builders - challenges and opportunities that have changed dramatically in just the past few years alone. Michael will help us look ahead and interpret some of the business trends and directions.

Sharing his thoughts as a futurist, Michael will help us develop *a smart way of thinking* about our businesses and of addressing our many questions. According to Michael, this

smart thinking will lead to widely divergent answers. His presentation will cover sources of competitive advantage that don't always involve the product or service idea itself. He will help us understand that except in rare instances, the *better idea model* for launching a company isn't as potent as people think. Finally, Michael will talk about *work design*, which he feels may be the most important management consideration of the next 20 years—and which is hugely important to founders themselves.

At Inc., Michael heads up annual special issues on the state of small business and in 1999 was the editor of Inc.'s 20-year anniversary issue (titled "The End of the World as We Knew It"). His most recent cover as a writer was "The Antihero's Guide to the New Economy," the story of a young founder's attempt to reconceive the workings of an entire global industry and to discover a new way of leadership that would enable him to bring his idea to life.

Prior to joining Inc. 11 years ago, Michael was himself a company builder, leaving journalism for three years to create and build a retail venture that reached almost \$3 million in annual sales before being sold. Earlier in his career Michael wrote and edited for regional newspapers in New Jersey and for Dow Jones News Service and the Wall Street Journal, specializing in management strategy and the effects on work-style of the then-new microcomputer revolution.

Michael graduated from Amherst College, in Amherst, Massachusetts and Cambridge University, Cambridge, England. He lives outside Boston with his 11-year-old son.

Case Presentation.

Ira Kleiner, president of ProSpeed.Net, and Colin King, vice president of Sales and Marketing will present their business plan in the second part of the evening's program.

ProSpeed.Net is a Competitive Local Exchange Carrier (CLEC) and Internet Service Provider (ISP) that is establishing a high-speed communication networks using Digital Subscriber line (DSL) technology. DSL uses standard unshielded copper twisted pairs to deliver broadband capacity over the local loop—creating a high-speed data pipe over the *last mile* of telecom networks. The company intends to provide a variety of services to corporate clients and end users. These services include, high-speed, always on Internet access, Virtual Private Networking (VPN), remote LAN services, LAN/WAN/MAN, voice-over IP telephony, video conferencing capabilities and offsite data storage. The company plans to offer a variety of additional services such as domain hosting and virtual and physical collocation.

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The January meeting is sponsored by:

MTDC

WPI VENTURE FORUM

The mission of the WPI Venture Forum is to promote and serve technology-based entrepreneurial activity and economic growth in the region by increasing the business and financial knowledge of the participants through sharing experiences with entrepreneurs as well as area business, financial and educational leaders.

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Letter from the Chair

New Millennium

Shari Worthington

Welcome to the new Millennium! The dreaded 1/1/00 date has finally passed, fairly uneventfully. Now it's time to get back to work.

"Doing Business in the New Millennium" is the topic of our January meeting. Featuring renowned Inc. Magazine editor Michael Hopkins, this is a perfect way to start the new year. As the effects of globalization and the Internet reach even the remotest corners of the world, customers have become significantly more demanding. Over the past decade, our customers have pushed us into continuous improvement mode, both in terms of the products and services we provide and the way we do business.

Speed has become a major issue. Service can never be too fast. In a real-time, networked world, instant, accurate, and adaptive response is expected. According to Dr. Ravi Kalakota, author of "e-Business: Roadmap for Success", "Visionary companies embrace constant change and consistently deconstruct and reconstruct their products and processes to provide faster service."

Kalakota goes on to point out that customers also want the convenience of one-stop shopping, as well as better integration between order entry, fulfillment, and delivery – the entire supply chain. And don't forget about personalization. Today, everyone wants to be treated as an individual. And then there's the issue of price. It seems that nothing can be too affordable. As a result, differentiation has become the key to success. Companies that provide unique offerings are flourishing.

One of the more interesting approaches being adopted by successful companies is what is now called "perpetual service mode." The Four Seasons



Hotel and Home Depot are examples of this approach. Both companies operate in such a way that service is always at the top of their list. From the time you walk in the door, each company goes out of its way to answer your questions and help you solve your problems. As a result, both are thriving, having long ago left their competitors in the dust.

We, too, must learn to operate in perpetual service mode. If we aspire to greatness for our companies, we also must learn to constantly adapt to change. Life in the new millennium will be anything but dull.

See you at the January 18th meeting. As always, may all your ventures be successful!

Shari Worthington is the President of Cirrus Technology, a 12-year old marketing, Web development, and e-commerce firm specializing in the high-tech markets. She can be reached at 508-755-5242, e-mail: sharilee@aol.com, Web: www.CirrusMarketing.com. **VF**

Jean Sifleet

WPI VENTURE FORUM CALENDAR OF EVENTS

January 18, 2000 – Business in the New Millennium

February 15, 2000 – Guerilla Marketing

March 21, 2000 – Directors and Advisors

April 18, 2000 – Finding the Funds

May 16, 2000 – Strategic Alliances:
"Ask the Experts" second half of program
(Alden Hall)

June 13, 2000 – Business Plan Contest

Building a Team: Strategies for a Start-Up

By Phyllis Hanlon

Before launching a new business every entrepreneur must create a vision and then carefully consider a number of key questions that arise on the way to reaching their goal. Assembling the team is one of the most critical components of the vision and can be successfully achieved by following a few guidelines. P. Thomas Vogel, Investor and Director of Mosaic Technologies, Inc., a Boston-based biotechnology company, presented his expert thoughts on strategies for team building at the November meeting of the Venture Forum. His years of management experience with noted companies such as Texas Instruments, Abbott Labs, and Instrumentation Labs provide him with a solid foundation in this area.

Using sports analogies, Vogel urged entrepreneurs to consider the "game they are in - you would not hire basketball players for a baseball team." The employees you choose should reflect the company's mission and goals. Vogel also said that the team should represent a complimentary

mix of talents and personalities. "A team comprised of players with the same talents and strengths would be unbalanced." Vogel emphasized that start-ups need to hire "stars," people outstanding in their field, if they are to become reputable companies. By thinking expansively a business owner visualizes what the team will accomplish. "You can't over-hire," he said. "The best people work hard and have the ability to recognize and adapt to change." He grounded the audience with the question of a salary cap. "No one ever has enough money to hire the best team," he said.

Vogel pointed out that established businesses as well as start-ups have some common characteristics when it comes to hiring a team. He cites high growth in the form of challenges that "come at you too fast." A fast rate of change makes it difficult to predict those adjustments, he explained. Widespread technology today has created a highly competitive playing field; other companies are trying to hire the same people you are. Basically, he sees a stronger team arising when the members have a good leader. This excellence in leadership, according to Vogel, promotes more productive individuals.

When it comes to the actual hiring process, Vogel designates four key components that will ensure the ultimate in teamwork from the group: trust, motivation, shared rewards, and communications. He cautioned that ineffective or inadequate interviewing could lead to hiring someone you shouldn't or the inability to hire someone you should. Vogel added that in order to hire 15 people, you must conduct at least 75 interviews, which translates into 800 interview hours. He recommended using recruiting tools - family, friends, headhunters, past employees - to avoid hiring errors. "However, when you do make a mistake, and *you will*, cut your losses immediately," he added.

Vogel underscored that the founding team must be "100 to 180 percent involved in the venture." A good team doesn't compromise their goals, he said. "You must define the quality of



P. Thomas Vogel, Investor and Director of Mosaic Technologies, Inc.

your company. Offers to hire should only be made when the decision is unanimous." Vogel stressed that creating a successful business will only happen if you work hard at it.

The audience was interested in ways to locate and entice prospective employees. Vogel commended programs like the Venture Forum as being an ideal networking situation. He also highlighted the fact that there is not much room for

conservatism in a small start-up. Both the entrepreneur and the prospective employee must be risk-takers in order to have even a small chance at success. "I wish I could give you a formula," Vogel said. His personal business successes prove that it can be done.

Case Presenter

Joseph Straight, Founder and CEO

Verax Biomedical Company, North Reading
"Bacterial contamination is one of our greatest challenges today," said Joseph Straight, founder and CEO of Verax Biomedical Company, a business that focuses on the issue of blood safety. In a polished presentation he asserted that his company is addressing this critical concern with "proprietary intellectual property technology and a rapid, simple, low-cost detection system."

The American Association of Blood Banks (AABB), together with the Food and Drug Administration (FDA), is committed to safety and seeks more precise measuring tools to ▶

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Trademarks in the U.S., on the Web, and Overseas

By Brian M. Dingman, Niels, Lemack & Dingman

Trademarks can be critical proprietary intellectual property of your company. For many companies selling goods and/or services, the goodwill associated with trademarks can be the company's most valuable asset. Consider the value of the marks *Coca-Cola* and *McDonald's*! Many of the products these companies offer are (arguably) of similar quality to the same types of products sold by competitors, yet those companies have annual sales of billions of dollars. An important reason is the consumer recognition of their well-known trademarks.

What are Trademarks?

A trademark may be defined as any word, name, symbol or device, or any combination thereof, adopted and used by a merchant to identify and distinguish the goods sold by the merchant from those manufactured or sold by others, and to indicate to customers the source of the goods, even if that source is unknown. Service marks are marks used in the sale or advertising of services to identify and distinguish the services offered by the merchant, and indicate the source of the services, even if that source is unknown. The two types of marks are often both referred to as "trademarks", a convention which will be followed in this article.

In order to function as a trademark, the word and/or symbol must identify and distinguish the goods/services that bear the mark. A mark is considered distinctive, and thus capable of functioning as a trademark, if it is either inherently distinctive or has acquired distinctiveness through education of the consumer into attributing to the term trademark significance. Inherently distinctive marks include marks that are arbitrary or fanciful, and marks that are suggestive of the goods/services. A fanciful mark is a word that is coined as a trademark - such as Exxon, which is not actually a word in any language. An arbitrary mark is a word that is used in a language, but is arbitrarily applied to the goods/services in a manner that is not descriptive or suggestive of the goods/services. An example is *Apple* computers. Marks that are suggestive of the goods/services are also inherently distinctive. An example is *Coppertone* sun tan oil.

At the other end of the spectrum, generic names can never function as trademarks - the generic name of a product can **never** perform the function of identifying and distinguishing the goods that bear the mark.

There are also marks that are not inherently distinctive, but are capable of becoming distinctive through consumer education, called "secondary meaning" in trademark parlance. Such non-inherently distinctive marks include words/symbols that are merely descriptive of the qualities, ingredients or characteristics of a product (including laudatory terms such as "deluxe"), marks that are geographically descriptive, and personal names. Such non-inherently distinctive marks are, by definition, weak marks that are more difficult to enforce. However, over time, through consumer education accomplished primarily by advertising, such marks can become distinctive and relatively strong.

What Rights do Trademarks Carry?

Trademark law is a part of the law of unfair competition. As such, both state and federal rights accrue to users of trademarks. Rights in trademarks develop first from use of the mark, and secondarily from state and federal registration of the mark. The first to use the mark on the goods or in conjunction with the offering of services owns the mark, at least in the geographic area in which the mark has been used. Federal registration of a mark establishes in the registrant the

presumptive exclusive right to use the mark on the goods/services throughout the entire United States. Application for federal registration can be made before a mark is actually used, as long as the applicant has a bona fide intention to use the mark in commerce. In that case, however, the registration cannot issue until the applicant proves actual use of the mark in commerce.

The owner of a mark, whether registered or not, has the right to prevent the use of confusingly similar marks by others. If there is a likelihood of confusion between the second user's mark and that of the prior user, there is trademark infringement. In this context, "likelihood" is synonymous with "probable"; more than just a possibility of confusion is required. The issue is the likely confusion of members of the relevant class of customers for the goods or services. Factors considered in determining likelihood of confusion include the degree of resemblance between the two marks, the similarity of the marketing methods and channels of distribution, the care prospective purchasers take in making the purchasing decision, the fame and distinctiveness of the senior user's mark, the intent of the second user, and evidence of actual confusion between the two marks that may have occurred.

The degree of resemblance between the marks is determined by comparing the appearance, pronunciation, and meaning of the marks. Thus, two marks that are spelled differently but have the same pronunciation are considered ▶

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to be the same mark - think about potential customers hearing radio ads for the two marks. The analysis of the marketing methods and channels of distribution is also critical - identical marks can be used on very different goods and not create a likelihood of confusion. In general, the greater the similarity in the marks, the less the similarity required in the goods/services and channels of distribution in order for there to be found a likelihood of confusion.

Trademarks and the Web

The Web does not change the above principles of trademark law. However, because Web sites are effectively available for viewing anywhere in the world, the possibilities for confusion between trademarks of different companies has greatly increased.

URL ownership does not in and of itself convey trademark rights in the owner. However, if the URL (or indeed any trademark) is used as a trademark on a Web site, trademark rights can accrue. Another party's confusingly similar use on the Web of your trademark is clearly actionable as trademark infringement.

Foreign Trademark Registration

Trademark rights are territorial. For companies seeking to market their products/services outside of the United States, it is important to consider the steps that are necessary to develop rights in the trademark in the countries or regions of interest.

Due to the expense, it may be impractical to obtain trademark protection in every country in which your company is doing business. Registration often runs into thousands of dollars per mark per country. Companies often elect to

obtain registrations in the major markets, and hope that counterfeiting or pirating of the mark does not occur in the lesser market countries. However, there have been instances in which unrelated third parties have obtained registrations in such lesser market countries and prevented the legitimate earlier user of a mark from using the mark in that country without the payment of a sometimes exorbitant trademark assignment or licensing fee.

Many companies in this area of the country export to Europe. In Europe, one may file an application for a European Community Trademark effective in all fifteen countries of the European Union, for a filing fee of approximately \$2,500. This equates to the cost of registering the mark separately in only a few of the EU countries. The registration is valid for ten years and can be renewed for additional terms of ten years as long as the mark is being used in at least one EU member country.

Conclusion

Due to the large number of registered marks in use, it is almost always advisable to have a search performed before a mark is adopted. A search can help identify potentially conflicting marks that are already in use, which can save the difficulty and expense of having to change a mark in the future due to a likelihood of confusion with an earlier-used/registered mark of which you were not aware at the time you adopted your mark. In such cases, much of the consumer recognition and goodwill that has been developed in the mark through expensive advertising and sales may be lost.

The value of trademarks to every company selling goods or offering services is unquestionable. Care must be exercised in the selection and use of your marks to ensure that they remain your exclusive property. For each new product or service name, you should carefully consider the selection of the mark, and the steps you must take in order to ensure the development of valuable goodwill associated with the mark.

Brian Dingman is a partner in the Westborough intellectual property law firm Niels, Lemack and Dingman, and can be reached at (508) 898-1818. VF

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Did You Know?

Irving Liimatta MG 3960

Did you know that both large and small businesses are redesigning their management styles and workplace environments to suit Generation X employees? Managers are implementing career workshops, 360-degree feedback surveys, psychological profiling and individual counseling to name a few. They are also bending over backward to provide new services such as: onsite four-star restaurants with master chefs, dog walkers, roving ergonomic experts, sports complexes, and espresso bars. An extreme example of the extent to which companies will go to satisfy their employees can be found at Novell, the world's fifth-largest software maker. They recently invested \$130 million in its new corporate campus in Silicon Valley with the sole goal of competing with other software manufacturers. "To compete in an extremely tight labor market, our campus had to have at least the quality of our competition," said CEO Eric Schmidt in a recent New York Times profile. Novell's campus, inspired by a visit Schmidt made to Venice, boasts buildings made of Olympia cream limestone imported from Tunisia; a gourmet restaurant; a full-service gym; and basketball courts.

The question that immediately springs into the small businessman's mind is; how can he possibly compete with the Goliath's of industry who wield gourmet coffee in one hand and wealthy contracts in the other? The answer lies in his ability to redesign his management style and workplace environment. Young employees are looking for more than a nine to five paycheck and a pat on the back. They want to feel respected and cared for financially, physically and even emotionally. In order for small businesses to attract and retain quality personnel they may not have to build a \$130 million dollar complex, but they will have to pay more attention to the individual needs of the employee.

Source: Gen Xer's Joanne Cole;
HR Focus, New York; Nov 1999;
Vol. 76, Iss. 11; pg. 7, 2 pgs

Instructor Brian McKenzie, MG 3960, asked his students to research interesting facts about entrepreneurship and small business management. This is one of their findings. VF

WitP Task Force Formed to Build Information Technology Industry in Worcester

Business Incubator Under Development

By Thomas W. Wharton, Director of the Worcester InfoTech Project Task Force

The Worcester InfoTech Project Task Force, (WitP), is a seventy-member private/public economic development initiative formed to aggressively build the telecommunications and information technology industry in Worcester. Its members include city officials, college and university representatives, telecommunication company executives, community representatives, and private industry executives. The director is Thomas W. Wharton.

In its recently released white paper, *“Developing the Information Technology Industry Cluster, Worcester’s Blueprint for Success in the New Economy”*, WitP points to several key assets that will drive the information industry in Worcester:

- The installation of state-of-the-art fiber optic loops by NEES Communications will link virtually all of the commercial and industrial properties in Worcester to its central location on Main Street.
- More than twelve active points of presence on major regional, national, and international telecommunications carrier networks, such as Qwest, Sprint, Williams, Network Plus, New England Voice and Data (now Conversent Communications), AT&T, Bell Atlantic, and Cable and Wireless. Many of these points of presence are aggregated at the NEES

Communications “Telecom Hotel” on Main Street.

- An Internet 2 gigapop owned and managed by Worcester Polytechnic Institute in a co-venture with NEES Communications. The Internet 2 gigapop will spawn advanced telecommunications and Internet applications within the city.
- Eleven colleges and universities with over 27,000 students, a computer and Internet sensitive K-12 and vocational school system, and an extensive array of research facilities provide the intellectual capital needed for this Information Age industry.
- A business friendly city government that understands, promotes and implements information technology and has a One-Stop Developer Program to deal with any licensing, permitting, and other business issues. This heralded program has greatly reduced the time needed for businesses to locate or expand.
- Over one million square feet of low cost commercial and industrial space ready for occupancy with access to an unlimited supply of bandwidth. Overall business cost are 35-50% lower than Boston.

Worcester is truly an “Intelligent City” with a state-of-the-art telecommunications infrastructure that will support any advanced telecommunications, Internet, or information technology application. Worcester intends to be a player in the worldwide information technology market. A marketing web site for promoting the information technology industry development in Worcester can be found at www.worcester-now.com.

The WitP is currently developing a business incubator for start-up and early-stage telecommunications or information technology companies. This incubator will provide the business development resources and services necessary to assist in the growth and development of its

tenants. Together with the planned \$10,000,000 Economic Development Venture Capital Fund, Worcester will have the tools to support the growth and development of information technology entrepreneurial ventures.

For further information, contact Thomas W. Wharton, Director of the Worcester InfoTech Project Task Force at 508-799-7749 or email at twharton@netech.net. The WitP Task Force web site is www.witp.org **VF**

Did You Know?

Andrew J. Crabtree, WPI class of 2000

S-Corporations avoid double taxation of income by passing profits, to be taxed as individual income, directly to shareholders. The usual corporate income tax is 40%, and average individual taxes amount to 36% of one’s income. Income from a C-Corporation is taxed at both rates, whereas that of an S-Corp is only subject to the latter.

One might argue that if a company simply distributed no dividends, it would ultimately pay about the same in taxes as the S-Corp. However, any income retained by a corporation over \$250,000 is subject to an accumulated earnings tax. Since the goal of any investor is to gain a return on his investment, eventually the shares will be sold, subjecting the funds to further taxation. Hence, if the necessary qualifications are met, the S-Corporation may be a far more profitable arrangement than the conventional C-Corporation.

Source: S-Corp; To Be or Not Be
1992 Friedman & Fuller, P.C.

http://www.morebusiness.com/running_your_business/taxtalk/scorp.brc

Instructor Brian McKenzie, MG 3960, asked his students to research interesting facts about entrepreneurship and small business management. This is one of their findings. **VF**

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The 3 Cs of Partnerships: Communication, Collaboration, and Commitment

By Floranne Reagan, EXXEL, Inc.

Partnerships are relationships that thrive on effective communication, collaboration, and commitment—the 3 Cs. The business world demands quality, speed, flexibility, performance, and profits. Customers and clients have limited-to-no-patience. Employees have limited to no loyalty. In this environment, even if you have a great product or service, there is no such thing as steady state. Use the 3Cs to help assure your future success.

Many companies today are based on a partnership model. Some variations of this model include: co-founders with shared ownership, venture capitalist(s) and an entrepreneur, or perhaps a typical professional service firm arrangement with a level of ownership dependent on the tenure, contribution, or status of the partner. Other organizations espouse a version of this model. *We partner with our employees*, is their mantra. They attempt to create a linkage of staff to the business with philosophy and culture, behaviors and other methods like employee stock ownership plans or stock options.

Given that the partnership model (in its various forms) is broadly utilized, ideas help align the purpose and practice of successful partnerships. While there is no guarantee of a healthy company, the 3 Cs of partnerships can give a considerable boost to your company.

The first C is Communication. It seems impossible to overemphasize the importance of communication in strengthening the bonds of a relationship. Individuals get together because they have a better idea for a product or service, or because there is strength in numbers. Other times they combine forces with complementary skills or resources. And sometimes, people become partners because their peers have elected them.

But, having common bonds doesn't assure that there will be useful dialogue and good interaction. Even functioning under the same roof doesn't necessarily foster communication. People focus on their own issues. These might be their own customers and clients, referral networks and other business development activities, or staffing necessary to complete their projects. It is easy to become myopic and communication usually suffers. Differences get buried (they don't

go away but simply ooze out at unplanned and unguarded moments). Similarities aren't identified. Frustrations simmer just below the surface.

For example, one recent engagement was with a creative, exciting company that had grown from three to over thirty people in just a few years. The partners used a proactive approach to improve communication. After an organizational assessment was completed, they determined that lack of communication was a bottleneck for them. While extremely successful, they felt they could do more. Further, they recognized their emphasis was on their clients and that they had not focused on their relationship. They decided on a three-point plan of attack to remove what they saw as an impediment to becoming even more successful.

1. Each partner wrote two vision statements, one was a personal statement, and the second was for the company. They met and shared these written documents with each other. Their aim was to find common ground as a means of setting goals and improving communication.
2. The partners planned bimonthly meetings for communication. Considering the never-ending time for attending to client needs and their hectic travel schedules, any time the partners had been together they were discussing the company's financials. By arranging these additional sessions, they reaffirmed the importance of talking to each other more broadly than just operating numbers.
3. The partners agreed to have a retreat once each year. This off-site encounter was dedicat-

ed to talking, listening, and planning. It was designed as a time to sit back, reflect and face the future in a purposeful manner.

The second C is Collaboration. Many companies are trying to encourage an entrepreneurial spirit in their staff members. However, sometimes this emphasis gets distorted into a me-first, individualism that can backfire and undermine needed bonds. Taking this one step further, while a firm led by independent thinking, resourceful partners can be a true competitive advantage, and the synergy that comes from collaboration can geometrically increase success.

Partnerships falter when the building of one or more practice area overshadows others without a clear plan to do so. Effective partnerships determine specific means to break down silos and build cohesiveness. They find creative ways, and make conscious decisions, about the use of limited resources. Partnerships unravel without collaboration.

The third C is Commitment. Commitment is defined as *the state of being bound emotionally or intellectually to a course of action or to another person or persons*. The best business ideas, relationships, plans and goals are undermined without commitment to the company's mission. Successful partnerships define specific mechanisms for commitment, accountability, and follow through. Some of these include:

- Constructively confronting when there is a disconnect between words and activities; ►

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Business in the New Millennium

Continued from front page

ProSpeed.Net is positioned to take advantage of the rapidly growing demand for dedicated fast Internet Access and secure remote networking (VPN) environment. The company is a certified CLEC in the states of Massachusetts and New Hampshire, and is in the process of obtaining licenses in New York, New Jersey, Connecticut, Pennsylvania, Maine and Vermont. This certification permits the company to lease and/or sell local and long distance services at wholesale rates, as well as permission to collocate its equipment in the same premises as Bell Atlantic in order to provide its DSL services while utilizing the existing copper lines phone infrastructure.

Ira Kleiner has B.S. and M.S. degrees in Computer Information Systems. His studies emphasized Technology while maintaining a focus on Business, Management and Accounting principles.

Prior to founding ProSpeed.Net, Ira was the president of Computer Information Service, Inc. (CIS). The company's mission was to provide automation services to the legal community. CIS provided turnkey systems in areas such as case

management, real estate, time and billing, accounting, etc., while focusing on the value of *office automation*. Ira was also the president of Complete Business Systems Inc., which provided system integration functions and network management to small and medium sized business, especially in the manufacturing sector.

Colin King has a B.S. degree in sales and marketing. Prior to joining ProSpeed.Net, Colin was vice president and co-founder of UniCom Equipment, Ltd. in Moscow, Russia. The business was an international distribution company and an authorized wireless distribution firm for Motorola, Philips and NEC Telecommunications. Focusing on the wireless industry in Russia, UniCom had a customer base of over 200 clients and \$2.5 million in revenues per year.

Prior to UniCom, Colin was the business development manager for Distributed Software Development (DSD). DSD, Inc was a client/server development company specializing in advanced billing and customer care solutions for the wireless industry. With DSD, Colin managed

worldwide business development activities, which resulted in several large installation contracts. Colin joined ProSpeed.Net in 1999. ProSpeed.Net is expecting an exponential growth rate based on strong market forecasts, and is preparing itself to be a strong competitor in the Northeast.

Join us on January 18, 2000. It will be another wonderful WPI Venture Forum program. **VF**

Artisian Ad here

New England Financial

Building a Team

Continued from page 3

address that issue. Verax has created a product that will grab a portion of that potential \$900 million market.

According to Straight, traditional test methods target specific diseases. "They don't meet the unique needs of industry and are costly." He explained that bacteria grow rapidly and, at the point of collection, microorganism levels are very low. The status of blood life is constantly changing, he added. In 1987 the platelet shelf life ranged from five to seven days. "By extending platelet life, we can improve clinical outcomes," Straight said.

With low labor costs and the specificity of the tests, he feels that his company can gain a foothold in a promising market.

Straight has assembled a skilled management team with a proven collective track record of 45 years experience. "These people are all functional experts, very dedicated," Straight said. In addition, Verax has developed a strong scientific networking structure with Boston University's School of Medicine, the International Research Institute, and Boston Children's Hospital.

To weather the development phase, Verax has raised \$4 million. The company is currently seeking another \$2 million. Straight foresees the need for an additional \$2 million early in year two and then again at product launch. Potential revenues by 2005, he thinks, could reach as high as \$250 million. "We have achieved our early milestones. If this test becomes mandated by the government, our revenues are sure to rise."

Straight anticipates success with Verax, which he claims has a large market potential, technology that is ready and accessible, an experienced team and a forward path that is both rapid and low risk. Implementation of the business plan will be done through internal and external contracts, licensing and partnerships. He has contemplated a number of different exit strategies including acquisition, early liquidity or seeking a strategic buyer.

Panel Review

This presentation won unanimous rave reviews from the entire panel. Michael Drues, CEO of Vascular Sciences, Inc., said the business plan



Joseph Straight of Verax Biomedical Company (left), and Marc Goldberg of Bio Ventures Investments, LLP.

and the oral presentation were well prepared. Taking the viewpoint of the entrepreneur, he listed three points relating to strategy - setting standards options for growing and issues in running a virtual company.

He recommended that Straight form a good relationship with at least two individuals in the FDA who write the code for setting regulation standards. Drues also suggested that the company "get a lock on intellectual property." Finally he pointed out the advantage to being a virtual company but cautioned that there are disadvantages as well. "If you are not the largest customer, it is hard to convince the manufacturer to meet your deadlines," he said. Again, a good relationship will help reduce this concern.

Another panelist, Marc Goldberg of BioVentures Investments, LLP, agreed that the business plan deserved a lot of credit and pulled out his checkbook amid laughter and nods of approval. He did see a gap in the marketplace though. Goldberg said Verax had to identify their key customers. As an investor Goldberg is looking at the product for sale and wanted clarification on key valuation experiments. He expressed slight concern for the exit strategies as well. "Realistically, how do you get out?"

The FDA and AABB are continuously seeking improved testing methods and safer medical treatment. Verax apparently has a product that will address those issues and secure a foothold in that growing market.

Phyllis Hanlon is a freelance writer with experience in the technical, journalistic, business, and creative non-fiction areas. Phyllis can be reached at 508-248-5161 or by email at Polishpen@aol.com **VF**

The 3 Cs

Continued from page 7

- Not condoning (implicitly or explicitly) rugged individualism at the expense of partner relationships
- Demanding respect for others
- Requiring active support for agreed-upon plans

Why are these 3 Cs of partnerships crucial? What makes communication, collaboration, and commitment essential? Business partnerships that practice these fundamentals have coherent, consistent plans and actions that support the hard work and results the partners achieve. They set in motion the best type of positive cycle. The 3 Cs further the intrinsic rewards of partnership that in turn further the extrinsic rewards of repeat clients and customers, challenging work, dedicated employees, and financial well-being. Those are significant payoffs!

Floranne Reagan leads EXXEL's consulting practice in leadership assessment and coaching, organizational development, group facilitation, and customized training. She works with growing companies and individuals to maximize their potential. She can be reached in Natick, MA at 508.651.3377 or freagan@exxelinc.com. **VF**

1790 Business Advice

For the next 2 months, the WPI Venture Forum will publish a letter written 210 years ago, 1790, by Boston merchant Thomas Walley, (1725-1806), the great-great-grandfather of WPI VF board member Bill Densmore. The letter, advice on operating a business, was written to Walley's son and nephew as he prepared to pass his business along to them. The letter is interesting—and still applicable today—as we begin the new millennium. Some things never change.....

Being a letter of October 1, 1790 of "sundry directions, necessary to be attended to, on your setting out in Business" from Boston merchant Thomas Walley (1725-1806) to his son, Thomas Walley Jr. and his nephew William Furness.

1st. Observe the strictest honor and integrity in all your transactions: remembering you are to be accountable hereafter for all your conduct, while on the stage of life, to that Omniscient Being who is perfectly acquainted with your most secret motives and springs of action.

2nd. Be sure to keep regular books and frequently look over them in order to refresh your memories.

3rd. Be very careful in making contracts, either when you are about to buy or sell, to be explicit, and if you are suspicious that there may be a dispute afterwards, commit it to writing at the time, and don't trust to your memories: and be always careful to give full weight and measure to an absent customer, as much or more than if he were present.

4th. If you make a contract to pay money at certain period, be sure to be punctual to the time, although you sell for a smaller profit to raise the money: by which means you will in short time so establish your character that you will be able to purchase on credit as cheap as if you had paid cash, and it may be serviceable sometimes to purchase on credit when you have the money by you in order, by your punctuality, more firmly to establish that other times it may not be amiss to procure an article on credit, as low as you can and afterwards ask the person what discount he will make if you will pay him the cash, by which you may often make a great saving: and be assured nothing will tend more to advance your interest than punctuality in payments and a strict compliance with all your engagements.

5th. Avoid disputes or quarrels with the persons you deal with: as much as possible wait until they are cool and then reason the matter with them calmly, and rather give up on small matters than contend: depend on it you will be no losers by it in the long run.

6th. Never be afraid to buy largely of an article that is salable when it is cheaper than can be imported: on the other hand purchase but a small quantity of an article when it is very dear, only sufficient to make an assortment in your store.

7th. Endeavor to get all the Commission business you can, which, you may depend on it, is the most profitable business you can follow, provided you can have enough of it: and in order to secure it, advance money to persons who will put goods into your hands on condition they will deposit the articles before you advance the money.

8th. Be attentive to have your store open early if possible and have it shut, in the day, only at dinner time: let one or the other of you always be there to give answers, as many a beginner has been ruined for want of attention to this single circumstance: go upon parties of pleasure seldom and never both together, as you cannot expect to prosper in your business unless you are very industrious, attentive and careful, especially at first setting out, and be frugal in your expenses of every kind.

9th. Be very careful who you trust: don't let the temptation of a large profit on what you sell induce you to give credit to a person of whose abilities to pay you have any suspicion: you will feel much easier with the goods in your store than in the hands of a dubious trader.

10th. Never be bound to pay money for any person whatever: you had better lend the money yourselves, if you can do it conveniently and with safety, than be obligated to pay it to another.

To be continued in February **VF**

WPI VENTURE FORUM MEMBERSHIP: Fee \$20 July '99-June '00

Benefits: Receive the monthly newsletter, attend monthly meetings at half price, attend WPI Venture Forum events at a reduced price and notification of other events.

Name & Title _____

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Check enclosed (\$20.00) Credit Card # _____ Exp. Date _____

Signature _____

Did You Know?

Crystal M. Robert WPI class of 2001

There are a number of strategies that can be employed by small and large businesses alike to attract attention to their products and services. Small businesses may hire small creative companies to develop ads, and these smaller companies can link up with larger companies to purchase the necessary media for the ad. In the past, large advertisement firms both created the ads and purchased the media.

Some ads focus solely on the reputation of the company; giving information about it, or the image it wants to portray, while ignoring the product to be sold. Some ads sell the product, relying on the specifications of the product to attract customers. Ideally, ads should be an equal combination of both. No matter which approach, the advertising should be coherent. Ads should

look like they came from the same source whether they are placed on TV, newspaper, or Internet. When advertising on the Internet, banners can be used, but the response to banners that bring the customer to a different page is low. One way to expose a product that has been used by moviemakers for years can be applied to the Internet. By placing an image of a product on a major website, thousands of people can be exposed to the product for less money (and the same exposure) as on television.

Source: Doran, G. David, 05/12/99, Internet Marketing, Entrepreneur Magazine

Instructor Brian McKenzie, MG 3960, asked his students to research interesting facts about entrepreneurship and small business management. This is one of their findings. VF

SPONSOR'S BUSINESS HIGHLIGHT

Massachusetts Technology Development Corporation (MTDC) is a leading edge venture capital firm that addresses the "capital gap" for start-up and expansion of early-stage technology companies operating in Massachusetts. Since 1979, MTDC has invested more than \$38 million in 91 companies. MTDC's typical investments range from \$100,000 to \$500,000 and are primarily equity-based. Each financing is tailored to meet the needs of the company, the interests of the co-investor and the goals of MTDC. MTDC seeks to make investments on a co-venture basis with compatible institutional and individual investors.

Prior MTDC investments include noteworthy companies such as Aspen Technology, Concord Communications, Interleaf, Kronos, MicroTouch Systems, Powersoft Corporation and Zoom Telephonics. There are 29 companies currently in MTDC's portfolio representing companies such as Millitech Corporation,

Andover.Net, WebCT, NexCen Technologies, PixelVision Technology, etc. Prospective candidates should have a technology component to their business.

Applications are invited not only from entrepreneurs who are principals in their own firms but also from members of the venture capital, banking, legal, auditing and academic professions who are familiar with business opportunities. There is no application fee. MTDC makes investments on written business plans. For more detailed information, please contact MTDC's Web site at www.mtdc.com or Julie Lewis directly at jlewis@mtdc.com or 617-723-4920.

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