

WPI Venture Forum

Worcester Polytechnic Institute
Alumni Association
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WPI VENTURE FORUM CALENDAR OF EVENTS

November 17, 1998 – Getting Your (Management)
House In Order

December 15, 1998 - Directors/ Advisors/Mentors
- Your Secret Weapons

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
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Venture

VENTURE FORUM NEWS

Promoting and serving technology-based entrepreneurial activity
www.venture-forum@WPI.EDU

Volume 8 No. 3
November 1998

Getting Your Management House in Order

A look at the upcoming meeting



Nancy R. Mobley, President of Insight Performance Improvement, Inc.

of the most difficult challenges for an entrepreneur. Where do you find the people to team with? How do you attract the best of them to your team? How do you ensure their commitment will match yours? Our November Forum will address this topic on the 17th, giving you ideas on how to proceed in setting up or rounding out your management team.

The Speaker

This very important topic will be explained and clarified by Ms. Nancy R. Mobley, President of Insight Performance Improvement, Inc. Insight helps prepare your company to meet customer demands and achieve full financial performance by having the right people with the right skills in place to do the job. Nancy brings years of human resource consulting experience in both internal

corporate and external consulting roles, working with clients such as Fidelity Investments and Stream International. She is recognized for her ability to develop and deliver cost-effective solutions in support of an organization's business objectives. Prior to Insight, Nancy gained extensive human resource experience with Computervision, formerly Prime Computer. Nancy holds a BA in Psychology from Wheaton College and is an Associate Faculty member of the Rensselaer Learning Institute at Hartford, CT.

Please join us to hear Nancy Mobley explain how to "Get Your Management House in Order" at the November meeting. Next time a potential investor's first question is to test your management team, you will have a favorable answer and be well on the way success.

Case Presentation

Dr. Roger E. Weiss

President

Paricon Technologies Corporation

Foxboro, Massachusetts

We have an interesting case this month that is more common than many of us know. Our presentation company uses technology developed by a major corporation but shelved due to lack ▶

Continued on page 10

CONTENTS

Letter from the Chair	2
Sponsor's Corner	3
Past Meeting Summary	4
The Manufacturing Assistance Center	5
Myths and Realities of Working at Home	6
Delivering Successful Presentations . .	7
Business Basics	9

November
Meeting Sponsors—
Cirrus Technology
and
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VENTURE

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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100 Institute Rd., Worcester, MA 01609, (508) 831-5821.
Volume 8, No. 3, November 1998.

Letter From The Chair

Entrepreneurial-Related Web Information

by Brian Dingman

I have been spending some time reviewing resources for entrepreneurs, which can be found on the Internet. One site in particular, which includes invaluable resources for a Massachusetts-based entrepreneur is the Massachusetts Small Business Development Centers (SBDC) site, at: "<http://www.umassp.edu/msbdc>". For those of you who are not familiar with the SBDCs, they offer free, confidential business counseling by highly qualified business advisors. The Worcester-area office is located at Clark University.

The SBDC at its web site has a list of "business-related sites". I have set forth below several of the sites on that list, with some comments on the sites. Some of these comments are from the list itself, some are from the sites themselves, and some are mine.

"SmallbizNet" (<http://www.lowe.org/smbiznet/>) is a service of the Edward Lowe Foundation. The SBDC calls it "An essential information source for small business owners, entrepreneurs, and assistance organizations." The site has information, which can be helpful in starting, running, and growing a small business. The site is a service of the Edward Lowe Foundation.

The following is taken from that site:

"The heart of SmallbizNet is a collection of over 4,000 documents, selected from government agencies, small business consultants, our magazine—Entrepreneurial Edge, and even chapters of current books from high quality small business publishers."

When at the site, there is a search engine for searching categories and subjects for your topic. The information appears to be quite good, and much of it may be accessed for free. As would be expected on the web, there are many links to other sites, and links to books and other information, which is not free.

Another site on the SBDC list is called: "SBDCs On the Net" (<http://www.smallbiz.sunycentral.edu/sbdcnet.htm>). This is referred to as

a state-by-state listing of Small Business Development Centers that have a web site. I thought it was interesting because the SBDCs seem to be gateways into state and regional resources for business people. Since almost no businesses owned by Venture Forum members are purely local, the information accessible from this site could be useful.

The final site in keeping with the SBDC theme is called the "SBDC Roster". (<http://www.smallbiz.suny.edu/roster.htm>). This site contains a directory of contact information for all of the United States SBDCs.

Lastly, a fascinating site maintained by an educational institution with a strength in entrepreneurship, is called the "Entrepreneurship Web", or "EWEB" (<http://www.slu.edu/centers/jscs/index.html>). This site is a comprehensive site presented by St. Louis University. In their words, the site is a "one stop shop" for entrepreneurship information on the Internet. The following is taken directly from the site itself:

"EWEB's here to provide the best in one-stop-shopping for help in starting, running and growing businesses - whether you call them entrepreneurial firms, SMEs, small businesses, family businesses, home-based businesses, or new businesses. Our target market are entrepreneurs, potential entrepreneurs (including students), and those who consult to or train or educate entrepreneurs.

"EWEB is sponsored by the Jefferson Smurfit Center for Entrepreneurial Studies, part of the School of Business and Administration, of Saint Louis University. EWEB builds on the resources compiled for the Center's award-winning Entrepreneurship Gopher EGOPHER [editor's note: EGOPHER has apparently been superseded by EWEB], and our unique web ►

Continued on page 9



Valuation – The 8th Wonder of the World?

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

Depending on what list you read, there are many “wonders of the world,” from ancient times to modern. But one of the wonders of the business world is how an investor comes up with the valuation for a company. Of the issues surrounding early stage company's funding the one that gets significant attention by all parties is valuation. Some believe it is an ancient art, passed down through the ages, while others believe it comes straight from a spreadsheet. The truth of the matter is that valuation is a combination of art and science, blending both quantitative and qualitative factors to arrive at a final number.

In the quantitative area, the methods are well-known. There are market approaches, such as valuation based on gross sales or earnings. Added to these are more detailed methods, like price based on book value, discounted future earnings and discounted cash flow. There is even a weighted value method that combines many methods and assigns a weight to each to calculate the final valuation. These are well suited for companies that are publicly traded or for more mature privately-held companies that have consistent revenue or earnings.

But if your company does not have consistent revenue or profit or if it is early-stage, none of these really fit well. How then does the venture capitalist determine what the valuation will be? Well, I generally look out my window, count the cars on the expressway or tourists walking the street, apply a multiplier or divisor, add the number of clouds, and then chop it in half!!! But seriously, there are a few fundamental factors the investor evaluates when determining an appropriate valuation.

Basic Factors

Two basic factors are the size and growth of the market addressed by the company and the accuracy of financials. Companies need to show investors that their identified market is sizable and offers substantial opportunities for growth. Both parties may verify projected growth by using studies from independent organizations and/or discussions with knowledgeable individuals in the marketplace.

The accuracy of the financials comes from two viewpoints. First they must make sense. Growth from one year to the next must be plau-

sible and expenses must be reasonable given the strategy and business model. While you may believe you can go from startup to \$200 million in revenue in three years, it is unlikely that many investors will share this view. Unrealistic projections will keep your plan from seeing the light of day with an investor. The second accuracy check is that the numbers must agree with the narrative of the business plan. For example, it's not consistent to have your income statement show very low marketing and sales expenses if your business will have a national direct sales force. The numbers must basically support the strategy. Investors will also look closely at the time to profitability projected by the company.

Management Team

Another key factor is the knowledge and experience of the management team. What has this team done in the past, and what is its experience in the market. At MTDC, when we back first time

entrepreneurs it is because the team usually has experience in the marketplace addressed by the company. This experience is very valuable to both the company and the investor.

Investors also consider the use of proceeds. What is the money being used for? As a general rule, funds should be used to move the company forward in regards to market or product development as opposed to paying off old debt or supporting large salaries for the management team.

Future Funding

An extremely critical factor to consider is the need for future funds. From our perspective as investors, nearly every entrepreneur we meet is confident that the contemplated round of funding is the only one ever needed. While investors applaud this aggressive mindset, it must be balanced against reality. Speed bumps will occur - the product takes longer to produce, the sales ►

Continued on page 11

Starting A Successful Business

by Sharon L. Day, Registered Patent Agent

Our seasoned entrepreneurs for the September WPI Venture Forum 98'-99' Series Kickoff Meeting were Karen and Robert Bean of **Baystate Technologies, Inc.**, both WPI graduates. This successful husband and wife team provided insights into what it takes not only to found and grow a successful business, but also into what it takes to build a strong team. Since the inception of its product, a Computer-aided Design (CAD) software package, Baystate Technologies has grown from two part-time employees to a company with 50 employees and 7 million dollars in sales. It also became "the mouse that ate the elephant," when Bay State acquired a larger software company.

Building The Business

Key components of Baystate's success have been the development of a well rounded management team and the ability to seek help when it was needed. Bob brought his strong engineering capabilities to the team and led the development of products which culminated in acquiring CADKEY, their primary software product. Karen brought her business administration skills to the team. Initially the business was financed on credit cards and a home equity loan, but with the rapid acceptance of CADKEY and related software in the marketplace, it became apparent that a bank line of credit was also needed. From the start, Bob and Karen believed that someone who had "done that and been there" was needed to assure financing. Bob McComber was added to the team as CFO; also, an Investment Banker was identified to find capital for the growing needs of the company. Thus, the building of an effective corporate infrastructure was started. In addition to a strong management team, Baystate has grown a group of functional managers and fostered an open, progressive environment.

Early on, Baystate Technologies developed a key relationship with CADKEY Inc. which provided a dealer network for distributing Baystate's product. Initial marketing efforts were also aided by an endorsement of their product from the president of CADKEY. However, the biggest aid to marketing success was the realization that nothing beats face to face contact. Bob went to various users' groups



Karen and Bob Bean of Baystate Technologies, Inc. show their CADKEY software at the Venture Forum.

and trade shows to demonstrate the versatility of the product first hand. Baystate continues to stay closely connected to its customers and dealers.

Another point demonstrated by Baystate Technologies is that a company has to be quite alert in its field of business. As the company grew, the marketplace started changing. Companies in the CAD software business cut the price of their software in the hope of turning it into a commodity item, thus making up in volume for the decreased price. This strategy resulted in business problems for CADKEY Inc. and an opportunity for Baystate. With financial backing from their Japanese distributor, Baystate was able to buy the CADKEY product line and its contracts database of 10,000 users who needed support and software updates.

Awareness of Market Trends

Baystate Technologies has capitalized on market trends in other ways. Through continuing awareness of the marketplace, Baystate keeps its product vital through revisions, new versions, and occasionally, acquisition of new technology. Versions that allow use of PCs rather than high-end work stations, that use Windows rather than DOS/UNIX, that work on many different CAD systems, and

that recognize the move of designers to 3D applications have been developed or are in process.

Baystate Technologies demonstrates that persistence and commitment are necessary for success. The company intends to continue its growth into the next century by positioning itself as a mid-range CAD software company, revitalizing its distribution channels by focusing on value added features and services, and by utilizing outside research and development resources. Baystate recognizes that "a full house beats a single solution every day" and intends to provide that full house.

Case Presentation

Jim Hertenstein, VP Marketing and Sales
AutoFab Systems, Inc.
Acton, MA

AutoFab Systems, Inc. is developing a 3 D-laser printing process that has multiple potential applications. The two applications upon which the company has focused are rapid prototyping and tissue engineering.

The 3 D-laser process is capable of stacking a wide range of materials in layers that are anywhere from 3 to 800 layers thick. These layers are then fused with heat and pressure to create a model. The printing process is precise so that fine details can be built into the model at low cost with excellent accuracy. CAD designs in 3 D can be directly generated into models. More research and development is needed in order to perfect the process for market. Thus, an infusion of capital is required.

Market Growth

The market for rapid prototyping is estimated to be approximately \$500 million in sales to include a service bureau component. However, revenue growth for this market is expected to be less than 10%. The tissue engineering market is estimated to be about \$80 billion. However, to get to product a minimum of \$2.2 million is required for AutoFab's development.

AutoFab Systems has a seasoned management team which includes Ed Grenda, President, Jim Hertenstein, VP, and Michael Olex. Sources of money that have been considered include the ▶

Continues

The Manufacturing Assistance Center (MAC)

by John Healy, CEO, The Manufacturing Assistance Center

Government (SBIRs), strategic partnerships (such as with laser printer manufacturers, engineering suppliers, etc.), competitors, angels, and venture capital. The team has been networking extensively, to include talks with MIT regarding licensing its tissue engineering technology. Our WPI-Venture Forum Panel commented on AutoFab's business plan and offered suggestions on strategy.

Panel Comments

Robert Bean of Baystate Technologies and Ken Daley of UST Capital Corp. were the panel members.

Both Ken Daley and Robert Bean remarked that AutoFab was moving down the right path by communicating with others and building partnerships. Bob remarked that having an application for the process was also a step in the right direction. Ken commented that the business plan had a good market analysis and was thorough. The Panel recommended that AutoFab focus on applications for the technology at this time in that choosing the right application should lead to a strategic or equity partner. Further, Ken noted that strategic partners might include future customers that could act as advocates for the technology.

Audience comments provided the following suggestions: 1.) that AutoFab try to add some flash to their message; 2.) that reverse engineering might be a lucrative application for the technology; and 3.) that AutoFab might look for a potential customer with a need that their technology can solve at this time. Sharon L. Day, Ph.D. is a registered patent agent whose background is in biochemistry. Sharon's office is in Cambridge near Central Square (617) 441-5177; e-mail: sharon_day@sharon.k12.ma.us. **VF**

One of the great impediments to growth industries in Central Massachusetts and the whole Northeast, has been the various groups of prognosticators declaring manufacturing to be in decline. The fact that manufacturing in Central Massachusetts still accounts for one third of all payrolls seldom gets in the way of the "Bad-News-For-Manufacturing-and-Factory-Worker" theme. When taking into account the supporting industries such as transportation and warehousing, as well as all the service sector jobs that depend directly on manufacturing, you have more than 50% of our economy being driven by something that is continually described as "declining".

Twelfth Fastest

Last year the Worcester manufacturing labor market was ranked as the twelfth fastest growing labor market in the U.S. and was the only one in New England ranked among the top 30 labor markets. Like it or not, manufacturing still matters in Central Massachusetts.

The manufacturing base of the region is unique because it is made up of very small firms. Over 90% of the region's 1500 manufacturing firms have under 100 employees. Such firms have limited resources for managing and financing.

As indicated in the "State of Manufacturing in America" economic report issued by the Nexus Association Inc., technological change is not restricted by firm size, firm location or management structure. This is especially true with respect to the increased uses of information technology that helps to lower many kinds of costs, particularly those associated with coordinating activities with other companies. This in turn makes it easier and cheaper for firms to outsource business to other (usually smaller) suppliers rather than make the same product component themselves. Most manufacturers today are suppliers to other manufacturers who in turn supply the final original equipment manufacturer (OEM).

Today's continued trend in supply chain development and outsourcing has had a general influence of holding down employment in the larger vertically integrated manufacturing companies while causing the smaller supplier manufacturing enterprises to grow.

The MAC's primary focus is assisting the small manufacturers in their growth through the assimilation and utilization of new technologies. Typically, such small manufacturing enterprises are owner-managed businesses that are not only a source of new employment, but also are a great source of innovation and creativity.

Services

The MAC provides statewide and local access to an array of customized manufacturing and technology services such as:

- The Central Massachusetts Manufacturing Partnership (CMMP) - As part of the nationwide manufacturing extension program, the CMMP consults with the small manufacturing community in its efforts to increase competitiveness by designing cost-effective practical projects that yield bottom line results. This includes enabling the workforce of the small manufacturers to effectively use new technologies to improve quality, increase productivity and reduce costs. Ultimately the CMMP works to help the small manufacturer identify and capitalize on company strengths so as to assist its growth in both current and new markets. The CMMP provides these services throughout Western Massachusetts (from interstate 495 west to New York) and works in conjunction with other manufacturing partnerships throughout the state.
- Oak Ridge Center for Manufacturing Technology (ORCMT) - The expertise, facilities and personnel at the Oak Ridge National Laboratories are available and are being accessed by the small manufacturing community in Massachusetts under a unique pilot program provided by the MAC. The billions of dollars spent on technology development for our defense industries has led to a vast resource of knowledge and competency that is being offered through thirty-two hours of free direct technical assistance for individual companies. Typically projects of this nature have included:

1. A manufacturer of storm windows had its products tested for thermal efficiency, without replicating costly testing equipment. ►

Continued on page 11

Myths and Realities of Working at Home: Characteristics of Homebased Business Owners and Telecommuters

by Joanne H. Pratt, Joanne H. Pratt Associates, Dallas, Texas

Working out of the home has become a significant and growing phenomenon in the United States. "Homebased business owners" are self-employed individuals who operate a business or profession primarily from or in a home office. "Telecommuters" are employees who do office work at home during normal business hours. The 1987 characteristics of Business Owners survey found that more than 7 million businesses - including the majority of women-owned businesses (54.6 percent) and nearly half of all non-minority male-owned businesses (49.8 percent) - were homebased. The May 1991 Current Population Survey identified 5.6 million primary homebased businesses. A 1990 proprietary survey estimated 7.4 million home business owners - including those with a side business - and 7.2 million freelance workers, totaling 14.6 million "homebased business" persons out of a work force of 122.7 million.

Owning a homebased business and working at home for wages are both labor market options that offer flexibility to potential entrepreneurs and employees. Understanding why people choose these options, how homebased businesses benefit the larger economy, and whether homebased business ownership and work should be encouraged are relevant to current policy discussions.

Data Used

Data from the Bureau of Labor Statistics' National Longitudinal Survey (NLS) were used for this research. The NLS provides detailed information that allows for comparisons between homebased and non-homebased business owners and between workers who work at home and those who do not. Nearly the full range of variables believed to be critical to choice of homebased work are reported in the NLS; labor market experience, socioeconomic variables and environmental factors.

Three cohorts from the NLS, encompassing 17,068 individuals, were selected for this study: 1988 surveys of men and women ages 23 to 30 (the NLS of Youth), the 1988 survey of women ages 34 to 44 (the NLS of Young Women) and the

1989 survey of women ages 52 to 66 (the NLS of Mature Women).

In each cohort, four labor market categories were examined: among the self-employed, homebased business owners and non-homebased business owners were compared; among wage-and-salary workers, telecommuters were compared with non-telecommuters.

Analysis

Three types of analysis were used: (1) comparative profiles of individuals who pursue each of the four labor market outcomes; (2) logistic regression models to explain the demographic and human capital variables associated with each of the labor market categories; and (3) regression models to examine the consequences of working at home as opposed to earning income on-site.

Highlights Of The Study

For home-based business owners, the following was determined:

- Employment characteristics are key determinants of the mode of work and certain cohorts are associated with certain industries. For young men, having a homebased business is associated with a professional occupation such as engineering or computer science. For men in their 20s, it is associated with employment in the construction industry, agriculture and business services industries. For women in their 20s, homebased occupations and employment in the personal services industry. For women in their 30s, it is associated with service, sales, professional specialties and clerical occupations. For mature women, the personal services industry is the only determinant of self-employment (there was only one homebased business in this cohort).
- There is little difference in the profile characteristics of business owners who work at home and those who do not. While age is not a limitation for men entering business, the likelihood of a woman becoming a homebased business owner increases with age. Also, non-minorities are more likely to be self-employed and own homebased businesses than mem-

bers of minority groups. Education and work experience do not influence the likelihood of homebased business operation for women and only increase it slightly for young men.

- There are interesting differences in the incomes of homebased businesses. Homebased businesswomen in their 20s earn substantially less than self-employed women who work outside the home. Businessmen of the same age make almost the same income, regardless of the location of their business. Women over 30 earn about the same net income working at home in a homebased business or in a non-homebased business.
- The mean number of employees for homebased businessmen in their 20s is 5.9 employees; for non-homebased businessmen it is 10.6 employees. For women the corresponding numbers are 1.5 and 5.2.
- Homebased businesses have greater net worth than non-homebased businesses. Young men homebased business owners have mean family assets of \$10,014 compared with \$4,801 for non-homebased businessmen. Women in their 20s have \$9,378 and 6,004, respectively. Homebased business women in their 30s and 40s have family assets of \$137,796 compared with \$112,617 for those women who do not work at home. These findings belie the notion that homebased businesses lack assets against which they can borrow to raise capital.
- There is little difference between the hours worked in a homebased versus a non-homebased business. Self-employed male youth work 52.1 hours at home versus 49 hours for non-homebased, with a mean number of 21.9 home hours. Self-employed women in their 20s work a mean number of 36 hours regardless of work location. Businesswomen work 21.6 hours at home when they are homebased, and average 41.6 if employed outside the home. Self-employed women in their 50s average 42.7 hours per week working for their firm. (There was only one homebased businesswoman in the <%0> older cohort.) ►

Continued on page 8

Delivering Successful Presentations

by Rockie Blunt, President, Blunt Consulting Group

It's the number 1 fear of Americans! No, not dying - public speaking! And yet speaking confidently and persuasively before an audience is one of the most important skills a business person can possess. Most people fear making public presentations, but all it takes to overcome fear is a combination of practice and non-threatening feedback. Here are some tips to make your next presentation easier.

Overcoming Nervousness

Overcoming nervousness means being prepared. There are three areas of preparation that will give you more confidence - psychological, mechanical and physical.

Psychological Preparation

- Understand your audience. What do they know about the topic and what do they expect to get out of your presentation?
- Realize that the audience wants you to do well.
- Remember to visualize success (use positive self-imagery).
- Give yourself a pep talk: repeat positive phrases.

Mechanical Preparation

- Rehearse your delivery until you're comfortable. It's not usually a good idea to "wing it".
- Practice using your visual aids. Make sure everything is in working order and that your materials are all present and in order.

Physical Preparation

- Take a walk to "work out" the tension.
- Stretch your jaw and facial muscles.
- Practice slow, diaphragmatic breathing.

During your speech there are a few things that will help you to relax if you start to feel nervous.

- Remember: the nervousness will go away if you let it.
- Don't announce to the audience any nervousness that you feel. The audience can't see your wobbly knees.
- Concentrate on what you're saying, not how you're feeling.
- Pause occasionally to collect yourself.
- Move around to relieve the tension.

Structuring Your Presentation

The opening of your speech has three purposes: to attract the audiences' attention, to create goodwill, and to lead into your topic. The following ideas can be effective options for beginning a talk:

- Use a personal reference.
- Ask a rhetorical question.
- Use a startling fact or statistic.
- Use an appropriate quotation.
- Tell a brief anecdote or story.

In the middle, or body, of your presentation, you present and develop your ideas. Using clear transitions as you move from point to point, structure the speech according to an appropriate pattern of organization:

- Use chronological order.
- Problem - Solution order.
- Topic order - increasing importance, decreasing importance or cause and effect.

The end or conclusion of your speech is your last opportunity to make your case; consequently, your ending should be strong. There are various ways to close a presentation:

- Humor (but only if it is natural for you).
- Summary of main points.
- Emotional appeal.
- Call to action.

There are three reasons for speeches: to inform, to entertain or to persuade. These will influence your approach to the options listed above for the beginning, middle or end of the presentation. Make sure that they are appropriate.

Stage Presence

Achieving a "stage presence" and rapport with your audience is very important. Here are some tips to help you.

- When you are introduced as the speaker, don't stand around flat-footed. Stride confidently to the podium or move towards the audience.
- The podium can act as a barrier between you and your listeners. Don't hide behind it. Moving out from behind it makes you appear less stuffy and more conversational.
- Dress appropriately for the occasion and audience. Empty your pockets of bulky, distracting or noisy items. Jewelry should not be distracting.

- Keep your body erect but not stiff, relaxed but not slouched. Stand with your weight distributed evenly.
- The audience can sense your attitude toward the presentation immediately. Be enthusiastic. Communicate friendliness and enthusiasm with your face and eyes.
- Start the speech crisply and decisively. Plunge into your subject, rather than wasting time with a long-winded introduction.
- Involve the audience right away: warm them up. If appropriate, encourage them to participate. Ask questions. Draw out their ideas.
- If you plan to use handouts, distribute them only when you're ready to talk about them. Handing them out earlier will divert your listeners' attention.
- Read audience feedback. Slow down and repeat an idea if they look confused - or call on someone who appears to want to say something.
- Move around. Motion energizes your presentation and keeps your audience attentive.
- End when you are scheduled to end!

Developing Good Speaking Habits

Enunciation is the process of articulating (shaping) your sounds clearly and distinctly. To enunciate effectively:

- Talk at an appropriate rate - not too fast or too slowly.
- Speak naturally and emphasize important words.
- Avoid monotone by varying your rhythm.
- Articulate each syllable; don't mumble or slur your words - kinda, gotta, wanna and gonna are the usual culprits.
- Keep the volume of your voice up at the end of sentences, don't let it fade away.
- Control verbal "tics" ("um", you know", "like", "uh").

Visuals

Besides making sure that everything works, here are tips to make them work to your advantage.

- Put the transparency on the overhead before turning on the machine. Glaring white screens are annoying. ▶

Continued on page 8

Delivering Successful Presentations

Continued from page 7

- Limit the number of visuals and keep them simple.
- Interpret each visual as you show it.
- Keep the audience engaged as you change transparencies.
- Stand aside. Many people stand in front of the screen, blocking their own information.
- Maintain eye contact with your audience - don't talk to the screen!
- When you are finished with the machine, turn it off. This puts the attention back on you and what you're saying.
- If you use a chalk board, write slowly, legibly and use big letters.

Questions And Answers

Most presentations include a question and answer period. Don't consider answering questions a chore. Questions indicate interest in what you've said.

Here's how to deal with questions:

- Anticipate questions beforehand - both the expected and the unexpected ones.
- Make it clear at the beginning when you will answer questions - throughout the presentation or at the end.
- If someone asks a question in a soft voice, repeat it so that everyone in the audience hears it.
- If someone asks a complex question, ask that it be repeated. The second version is normally shorter and easier to understand.

- If you need time to think of an answer, repeat the question.
- If you don't know the answer to a question, say so, and tell the person when you will get the necessary information. Don't Bluff!
- If someone asks an irrelevant, long-winded or complex question, interrupt politely, tell the person you'll supply a fuller answer after your talk, and make a transition back to your main topic.
- Don't become defensive or belligerent at a hostile question. Field it politely, inviting the person to speak with you later.

Rockie Blunt is president of Blunt Consulting Group, a Worcester, Massachusetts-based firm that offers corporate communications training and consulting services to companies and organizations throughout New England. Rockie can be reached at 508-852-0032 or e-mail: rockie@bluntgroup.com. **VF**

Myths and Realities of Working at Home

Continued from page 6

Telecommuters

- Work patterns of telecommuters and non-telecommuters are very similar. Men and women spend about the same amount of time - about one hour - on lunch, coffee breaks and personal relaxing.
 - Homebased work is not associated with employees who have a young child. Employees do not care for their children on telecommuting days.
 - Telecommuters do not smoke, drink or use drugs as much as people who do not work at home. Telecommuters receive promotions at a greater rate than non-telecommuters.
 - Telecommuters have positive attitudes toward their work. They like the kind of work, they do not feel isolated from their peers, and they enjoy considerable job stability. **VF**

BUSINESS BASICS

Venture Forum HELP Desk

by Norman Brust

The Venture Forum Help Desk offers entrepreneurs an opportunity to request advice or offer suggestions on how to deal with difficult business problems. We encourage readers to tell us the problems they face. We'll publish them with the hope that other readers will be able to offer advice on how to deal with them. Please e-mail new requests or suggested solutions to ntbrust@ultranet.com.

Reader Advice

Exporting

A jewelry manufacturer asked advice on how to explore overseas markets.

The Massachusetts Export Center provides free services to help companies gather information on overseas markets including importers, trade associations, trade publications, market size, export trends, promotion techniques, distribution channels, and end users. Their web site address is <http://www.state.ma.us/export>.

*Julia Dvorko, Ph.D.
Central Mass Export Center
Worcester MA*

Patent Infringement

A start-up entrepreneur wanted to know if there is an inexpensive way to determine if someone is infringing on his patents.

At least one legal firm in the Boston area offers contingent fee patent litigation. This sounds like it might be the most cost efficient solution for M. S. in Needham.

*David W. Rouille, Esq.
Weingarten, Schurgin,
Gagnebin and Hayes, LLP
Boston MA*

Correction

In October issue our guest speaker's name was incorrectly spelled. Our apology to James C. Blaschke.

Mr. James C. Blaschke, CEO
Archer Consulting, Inc.
57 Main Street
Gloucester, MA 01930

New Requests Collections

I am a private consultant and recently did a small project for an up-and-coming Internet related company. The project went well and the client said they were satisfied with the results. Since then, however, I haven't been able to get them to pay my bill. They have made several promises to pay by specific dates but the dates come and go without payment. Every time I talk to them they claim it was a mistake and the check should have been sent. The amount due isn't large enough to interest an attorney or collection agency but it is significant to my small business. Any suggestions on how I can get them to pay me?

S. P., Winchester MA

Norman Brust, President of NTB Associates, specializes in helping industrial and technology based businesses increase profitable sales. VF

Letter from the Chair

Continued from page 2

page dedicate to K-12 [editor's note: that's grades K-12!] entrepreneurship KID-E."

The EWEB master listed on the site is a Prof. Jerome Katz, who may be reached at 314-977-3850. I found the EWEB to be a useful manner of reaching an extremely wide variety of related sites and information. For example, information is listed both by topic and by function (e.g. human resources, finance). Again, as with most Web sites, the key is the ability to sift the wheat from the chaff, an exercise that I have yet to perfect!

Have fun with these, and let me know if you have other entrepreneurial-related Web sites, which I can pass on to our members.

See you at the next monthly meeting.



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

Getting Your Management House in Order

Continued from page 1

of interest for one reason or another. Perhaps the market was too small for a large company, or maybe they had an alternative technology they put their money toward. Often, it is just an area of technology that does not fit in with the current or future product lines. But Paricon Technologies is willing to put their company's future on the line with "borrowed" technology, and make it work. The beauty of this strategy is the millions of dollars and years of research and development that is already completed and therefore saved by the start-up. Paricon is concentrating on connectors used in computer hardware.

Each generation of computers and electronic devices is smaller, faster and more complex. Devices that only a few years ago had less than one hundred contacts spaced on 0.100 inch centers, now require over a thousand contacts on centers at 0.040 inches. In addition, the electrical performance of the contact had to increase by orders of magnitude. As a result, conventional contact technologies are limited in their ability to economically meet the industry's needs. This is driving the electronic industry to seek a replacement for the popular pin-in-socket connector.

Paricon Technologies has a goal to become a leading supplier in the high-density interconnection market. To facilitate this goal Paricon is acquiring a unique material capability from a leading developer of interconnection technology. They will acquire the technology, patent portfolio and manufacturing equipment. They intend to combine this capability with unique design concepts to address the needs of the electronic industry. Paricon will attempt to reduce the interconnection spacing to less than 0.010 inches, and to do so economically.

The Team

Dr. Roger Weiss is President and founder of Paricon Technologies. Assistance to major corporations has been provided in diverse areas including design of fiber optic components, selection of engineering data management systems, ISO preparation, and business plan preparation. Dr. Weiss was Vice President of Engineering for Augat's Interconnection Products Division with worldwide engineering responsibility. Prior to that, Dr. Weiss was a technical manager at AT&T Bell Labs for 23 years, involved in many facets of interconnection technology. Dr. Weiss was listed by Bell Labs as an internal expert on Optical Interconnection and served as a corporate-wide internal consultant. He has delivered more than 75 papers and holds 9 patents with 2 more pending. A member of the IEEE and IICIT, Dr. Weiss holds a BS in Physics from Worcester Polytechnic Institute and a MS and PhD from the University of New Hampshire.

Dr. William Lambert, Vice President, also has a background with Bell Labs for more than 15 years, specifically with the Polymer Research and Engineering Department. His expertise is with interconnects, electronic packaging, materials, reliability and product assembly methods, and in identifying and developing new technologies in collaboration with external suppliers and manufacturers. Dr. Lambert holds 6 patents, has 8 patents pending and has authored over 150 externally published papers. Dr. Lambert holds a BS degree in Biochemistry from the Ucal-Berkeley, and a PhD in Chemical Physics from



*Dr. Roger E. Weiss, President,
Paricon Technologies Corporation*

the California Institute of Technology.

David Barnum will assist Paricon's marketing effort as an industry expert in the marketing of elastomeric interconnection products. He was responsible for the market introduction of Augat's new products, including the elastomeric products. In this role he worked closely with all the major OEM players, is well respected, and has a detailed understanding of

the customers and their needs. He has also worked at Burndy Corp. and Wang Labs. He holds a BS in Mech. Eng. from U. Lowell and a MBA from the U. New Haven. He is presently Vice President of Marketing for the Stewart Connector Systems division of Insilco Technologies.

Presentation

Though Paricon's approach may differ from that of your company, their needs may be the same. Dr. Weiss will present the company's business plan to the Forum, covering their products, market, management team, and projections. Then, a panel of three experts will discuss the plan based on their specific industry. First, Paricon is pursuing funding of \$500,000 to allow the company to properly acquire the technology and facilities for a successful start. Second, the company seeks a strong financial strategy to secure a second round of financing to fuel its growth. Third, they seek assistance in strategizing for manufacturing and personnel growth. Our panel will help Paricon work through their plan to help put them on a successful track. Please join us at November's Forum to hear the exciting story of a company on its way to great success. **VF**

Valuation

Continued from page 3

cycle is longer or some key hires just don't work out. In addition, companies today just need more funds. As an investor, I must evaluate what the company will need in the future and how much of those funds I will need to invest to make my ownership percentage meaningful if and when an exit occurs. Implicit in this equation are other calculations the investor makes regarding the timing and valuation of future rounds (affected by the company's ability to meet its milestones) and the timing and valuation of the exit (affected by numerous factors ranging from the market to company performance). Included here also is the rate of return required by the investor.

And finally, the investor evaluates what the market will pay for a company in this situation.

Risks

When you boil it all down, valuations are related to the risks perceived by investors and the stage of development of the company. Those risks can be categorized as management risk, business strategy/model risk, product/technology risk, market risk, operations risk and finally financial risk. We will address these individually at some later date in this publication.

One final thought is for you to think about the valuation in your second round and work back. Where will your company be when it needs that second round, and what valuation will you be able to get? The last thing you want to do is to overprice the first round, not perform and go out seeking funds at a price that is not warranted due to poor performance. Your initial choice will be to protect your first round investors, but this would require you not to take any money at a time when you need it to grow or survive. Your second choice is to take money at a lower valuation thereby diluting your first round investors. So think of the second round, where you will be and work backwards for a first round valuation. This should serve you well as you develop your financing strategy.

Thus is solved the mystery of the 8th wonder of the world!!!!

Robert J. Creeden is Vice President of MTDC. MTDC is a venture capital firm focused on early-stage, technology-based companies in Massachusetts. He can be reached at 617- 723-4920, or e-mail at rcreeden@mtdc.com. Visit the MTDC web site at MTDC.com. VF

The Manufacturing Assistance Center

Continued from page 5

2. A broach manufacturer is currently evaluating new wear coatings, new materials and new heat treating methods for its products to ensure future environmental compliance.

3. A fiber optic company is having Oak Ridge ascertain more economic methods of cutting, grinding and polishing solid state fiber optic components.

• The Metals Processing Institute at WPI - (MPI) - The Metals Processing Institute at WPI is an industry/university alliance. Its mission is to design and carry out research projects identified in collaboration with its industrial partners. MPI creates knowledge that will help to enhance the productivity and competitiveness of the metals processing industry nation-wide and is bringing its resources to our local industries. The Worcester area has 22,000 metal working jobs and is the largest metal working area in the Eastern United States outside of Pittsburgh, PA.

MPI researchers will now be working with local, as well as, national industries to develop and demonstrate best practices and state-of-the-art processing techniques. MPI's initial project in this area is the formation of a Metal Injection Molding Technology Cluster. This will provide an opportunity for our large injection molding community to take advantage of some of its production capabilities and apply them into a new and growing technology.

• The Manufacturing Academy - The academy provides training venues not available by other training providers. These include a series of intensive courses, segmented by narrow topic area and targeted at upgrading the skills of incumbent workers as well as enhancing the marketability of unemployed workers.

Essentially, the academy aims to fill in the training gaps found in the local manufacturing sector to add to workers' existing skills.

• Other Services - MAC also offers space and logistical support for new start-up companies. The essence of the services relates to temporary costs for effective logistical support. Logistical support goes to other areas as well, such as process equipment. By any measure, the capital investment for improved production performance made by the regions' small manufacturing enterprises during the past ten years has been lacking. In recognition of this situation, the MAC has been successful in attracting TEC, Inc. to provide an Automation Show (AM98) to demonstrate the latest automation technologies to local manufacturers. They will no longer be required to leave their businesses for several days as in the past, where they had to travel out to Chicago and incur sizable travel costs in the process. They will now be able to see the same things by just traveling into Worcester. This show has been booked by the Worcester Centrum Center for the next three years during the first weeks of October.

Despite the need for continued operational effectiveness, the small manufacturing enterprise community will not sustain productivity growth over long periods without innovation - finding ways to do things better to improve existing products, find new markets and develop new products and processes. The MAC's mission is to help our local manufacturers achieve these goals. Please call 508-831-7020 for more information. The MAC is located at 60 Prescott Street in Worcester. VF