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WPI Venture Forum Calendar of Events

October 21, 1997
Identifying Your Distribution Channels

November 18, 1997
Networking for Success

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

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

Directions to WPI Campus, Salisbury Labs, Room 115

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

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

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

THE WPI VENTURE FORUM

Promoting and serving technology-based entrepreneurial activity

Volume 7 No. 2
October 1997

Identifying Your Distribution Channels

A look at the upcoming meeting

Tuesday, October 21, 1997
WPI Campus, Salisbury Labs
Registration: 6:00pm
Meeting Begins: 6:30pm
Admission Fee: $7.00

The October WPI Venture Forum monthly meeting will address one of the most overlooked topics in new and growing technology companies today. Whether you are selling software or refrigerator magnets, you need to know the best distribution channels available for your product. In today's global economy, it is especially important to be able to optimize distribution in each market in which you participate. This topic is so important that the Forum's entire meeting will be dedicated to it. Our meeting will be covered by two speakers, each outlining distribution channels with respect to their related fields.

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Nancy Muckle

Critical Information

Why is understanding distribution channels so critical to businesses? Distribution channels provide "place utility" to the customer, that is, provides a product where it is convenient to purchase and when it is needed. For the entrepreneur, the distribution channel can be a critical factor since it can affect the price, promotion and product image. In addition, it is possible that the channel of distribution can assist the entrepreneur in forecasting, market planning and strategy, and product development. Ultimately, the more service a customer requires, the more complex and therefore costly, a distribution channel will be.

Speakers

Our first speaker will be Ms. Nancy Muckle, president of Scancenters of America. Nancy is a senior sales and marketing executive with over fifteen years of national and international experience with large companies and start-up ventures. She has demonstrated creative leadership in channel development by building strategic alliances, strategic planning and sales process/analysis implementation. Nancy has held a variety of marketing and distribution-strategizing positions for a number of companies including Citrix Systems, Apple Computer, Sentinel Office Products, Eczel Corporation and Digital Equipment Corporation, as well as in her own company, Muckle Co., Inc. The extensive experience she has gained through these positions gives Nancy a first-hand ability to cover many real-life situations for a variety of successful products that she has marketed. Nancy will share several of her accomplishments and strategies used for each type of product, market and situation.

After our networking break, the meeting will continue and our second speaker will give a slightly different perspective based on experiences and marketing strategies from manufacturing and other industries. **VF**

October

Meeting Sponsors—

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

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Letter from the Chair

More Than A Monthly Meeting...

Brian Dingman, Chair

This is a continuation of my column last month, in which I introduced the Forum's monthly program committee and the annual workshop committee.

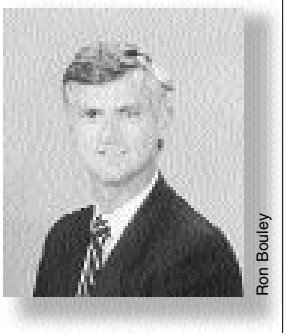
The WPI Venture Forum offers to technology business people much more than the monthly program meetings and the annual workshop. Our two vehicles which reach the largest audience are the monthly newsletter called the "Venture", and the weekly Venture Forum radio show.

Our newsletter is put together and edited by Nancy McKenna, a member of the Venture Forum executive committee and a senior management counselor at the Clark University Small Business Development Center (SBDC). You can see the quality of the pieces which run in the newsletter and the quality of Nancy's work. The newsletter is published monthly September through June and is distributed free of charge to approximately 3000 business people whom have attended a Venture Forum event or expressed an interest in receiving the newsletter.

Nancy is always looking for quality, timely articles of interest to persons like yourselves. If you have a piece which you think is appropriate for publication, please send it to Nancy at the Small Business Development Center, Clark University, Worcester Massachusetts.

The newsletter also carries quality, reasonably priced advertising. If your business is interested in advertising in our newsletter, please contact our advertising coordinator, Richard Gaudette, at (508) 752-5691.

Our WPI Venture Forum radio program is by far our most widely disseminated program. The radio show airs regularly on Saturdays from 5 to 7 p.m. on WTAG AM 580 in Worcester. Bob Hokanson coordinates the radio show and co-hosts many of the programs. Bob's work on the show recently earned him a "Business Advocate of the Year" award from the SBA. The program material is geared generally toward entrepreneurial business issues. The program is a talk-interview format, usually featuring 2 - 4 guests, many of whom are business owners and/or executives. The guests are drawn from a wide cross-section of business types.


Ron Bouley

The radio show is heard by literally thousands of people each week. The sponsors of the show tell us that their customers and clients listen to the show. Our feedback from listeners is tremendously positive. The show touches on issues which are of interest to any business person and should not be missed!

A new program we launched just this past spring is our Mentor's Dinners. Dick Prince, also a member of the executive committee, chairs the Mentor's Dinner committee. Dick and the committee gathered together a number of technology business executives who each agreed to have dinner with entrepreneurs who would benefit by spending some time with an experienced business executive. The dinners are designed to promote an exchange of entrepreneurial knowledge and provide an opportunity for guests to learn from the experiences of successful local business people.

The first Mentor's Dinner was a rousing success and based on that success, the Venture Forum decided to incorporate the Mentor's Dinner as a regular, semi-annual program. If you are interested in acting as a mentor at one of these dinners, or are interested in attending a dinner, please call the WPI Venture Forum at (508) 831-5821 for more information.

We also sponsor an annual business plan contest open to all New England entrepreneurs and businesses, regardless of the stage of the business. To be eligible, the business must possess a business plan which involves a technology-based venture and describes the development of a new product, a new application or process in an existing business, or the start-up of a new business. The plans are judged by a panel of experienced entrepreneurs and business advisers. The business with the winning plan receives a $10,000.00 prize (half in cash, half in ▶

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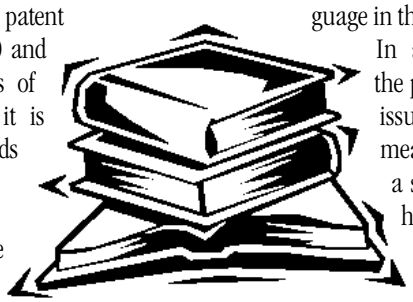
Sponsor's Corner

What's In A Word?

Seest thou a man that is hasty in his words?
There is more hope of a fool than of him. - Solomon

by Kirk Teska, Partner, Iandiorio & Teska

Court decisions in patent infringement cases often turn on the meaning of one or two words in the claim of the patent alleged to be infringed by a competitor. For example, in a recent case, the use of the word "passage" in a patent claim was held to mean a very specific type of passage and the patent holder lost its suit for infringement when the competition used another type of passage. Since securing a patent can cost as much as $10,000 to $15,000 and since litigation can run into hundreds of thousands, if not millions of dollars, it is worthwhile to understand why the words used in the claim language of the patent are so important.



First, since the patent claims define the invention, it is only the claims which are infringed. So, if the patent claims recite a combination of component A plus component B, plus component C, there will be no infringement unless the competitor's device includes components A, B *and* C. The fact is the competitor's device also includes component D is usually irrelevant but if the competitor's device includes D *instead* of component C (and component D is sufficiently different enough from component C,) there is no infringement. The same is true if the competitor's device omits C (or B or A) altogether.

Second, the patent itself is not valid if the combination of components A,B and C are not new and unobvious. So, the inventor working with the patent attorney must claim the bare minimum of components which make the invention new and unobvious and yet make sure that the competition will not easily eliminate a claimed component or replace it with a different component to avoid infringement.

Third, since each word in the claim will be evaluated by the court in the infringement decision, it is important to choose the words carefully. If a claim recites a fiber optic cable for transmitting a laser beam, note that a set of discrete optical devices which direct the laser beam to a particular location may not infringe the claim which requires a fiber optic cable for transmitting the laser beam. Accordingly, "laser beam transmission means" maybe broader and hence better claim language.

Finally, since the specification can be used to interpret the meaning of the claims in certain situations, the inventor and the patent attorney must take care not to unduly limit the claim language in the specification. In a recent case, the patent claim at issue recited a means for passing a slug through a heated passage. The competitor's device clearly included a passage but the defendant argued that its passage was smooth rather than threaded. The patent owner argued "so what? - a passage is a passage and the claim does not recite particular type of passage."

The patent owner lost. The reason was that the patent specifications indicated that the passage was threaded or at least non-smooth. Thus, reading the claim language "passage" in light of the particular specification language that required the passage to be non-smooth, held the court, meant that the competitor's device with the smooth passage did not infringe the patent.

In light of the fact that this particular patent owner probably spent quite a lot of money patenting the product and in litigation against the competitor and then lost because of the meaning of a single word in the patent claims should behoove inventors to carefully analyze the claims of their patents at the time of filing the patent application and then again during the prosecution of the patent application. Words are like arrows - once let go, they do not return.

Kirk Teska is a partner in the law firm of Iandiorio & Teska, Waltham, Massachusetts. The firm specializes in patent, trademark and copyright counsel. Kirk can be reached at 617-890-5678. **VF**

Year 2000: Moving to the High Ground

by Leland G. Freeman, The Source Recovery Company

The Kobe earthquake. The Los Angeles earthquake. Hurricane Andrew. As costly as these disasters were, they represent but a fraction of what will become the worst technological disaster ever - *The Year 2000 Crisis.*

Leading experts now agree that over the course of the next two and a half years, more than one *trillion* dollars will be expended in an effort to keep computers operating. On a company-by-company basis, more than thirty percent of all computer budgets will be redirected towards the problem; in many cases tens or even hundreds of millions of dollars. The money isn't being spent to improve systems. It's being spent simply to bring the current capabilities into the next century.

The Problem

Even though the magnitude of the crisis is beyond comparison, the cause of it is quite simple to understand. Computer systems have used shorthand for storing and handling dates. Rather than encode two digits to represent the century value, programmers efficiently stored date data using six digits (two to represent the month, two for the day, and two for the year). Problems were not encountered in processing this type of data since it was always assumed that all stored dates were in the twentieth century. Now, with fewer than 900 days remaining before the new century begins, these programs need to be inspected, fixed (if necessary) and then tested to ensure that they will continue to perform properly.

When systems start to fail, or worse yet, continue to work but produce inaccurate results, it will be too late to address the problem. Customers, shareholders, suppliers, employees, regulators and every other wronged party will be seeking damages – along with their lawyers.

Perhaps because the problem seems so simple to understand, it's been easy for management to put off addressing the problem. Unfortunately, there is no silver bullet solution. And, time is running out – quickly. ▶

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Year 2000

Continued from page 3

So what's an organization to do?If a Year 2000 program is in place, continue to support it. Provide the resources necessary (that means money and people). It will continue to be a drain on the organization, but it is literally the single most important project within the organization for the next two years.

Begin Effort

If a Year 2000 effort is not under way, start immediately. This problem doesn't go away by ignoring it and you'll have a hard time explaining to the lawyers why you were negligent in addressing a problem that was certain to happen.

The first step in responding is to make the Year 2000 project a corporate priority. The problem cuts across all lines and functions – not just the information systems department. A single individual should be given overall responsibility for the project, ideally someone that reports to the chief executive officer. Once in place, an assessment of the potential damage and associated risk needs to be made. Companies should inventory all computer-based systems to determine the extent of the problem. Systems include not only those that the organization has developed internally, but commercial off-the-shelf packages need to be inspected also. In small organizations, this assessment can easily result in the inspection of 10 million lines of code. For the larger organizations, the inventory grows almost exponentially. Regardless of the size, all the programs need to be inspected to determine if appropriate date fixes need to be made. If any of the code is missing or lost, then it needs to be recovered and inspected.

Outside Systems

The inspection doesn't stop with looking at just the internal systems. Companies need to look outside their own walls to determine what other systems they're dependent upon. For example, just-in-time suppliers may be critical in keeping a manufacturing line running, a lock box wire transfer system may be central to cash management, or POS terminals may be important to a retail operation. If these "outside" dependent systems fail, then the organization may crumble.

Fix Critical Systems

Once the assessment phase is completed, the organization should set about fixing those systems that need correction. Before rushing into a marathon programming effort, triage needs to be performed. Almost with certainty, there is not enough time to fix everything – and test it. Only those systems that are "mission critical" should be worked on. For systems that can't get fixed in time, adequate replacements or alternative processing should be found.

Fixing the priority systems will likely involve the use of outside vendors. There are two reasons for this. First, vendors can supplement your own workforce. With scarce (and expensive) resources, it will be difficult to recruit (and retain) employees. Secondly, as expensive as vendors are, they bring with them a level of expertise. This is not a project that can permit an "on-the-job" learning curve. Realizing that you will use vendors, you should develop those relationships quickly – before the best ones are completely booked.

Once systems are patched up, they'll need to be tested, and re-tested, and re-tested. Testing, in fact, is expected to represent fifty percent of the effort and cost of a Year 2000 project. Testing is likely to become the black hole of the project - something that is never completed. Companies need to plan for this and make available both the machine resources and personnel necessary to verify that systems are functioning properly.

Contingency Plans

Finally, the organization needs to make contingency plans. Systems will fail. Services will be interrupted. And law suits will follow. Preparing for these eventualities now will help mitigate the risks and damages that may follow. In some cases, the plans might include outsourcing the processing of certain systems, in other situations it might mean actually getting out of certain businesses. The contingencies need to be explored, discussed, and then acted on, most likely by the senior management team.

If the Year 2000 problem sounds like just another technological snafu (remember the Pentium chip problem), it isn't. It's hard to recall any situation that was certain to happen and could potentially put organizations out of business. However, as with many natural disasters, taking the time and energy to prepare, may make it easier to ride out the impending storm – and survive.

Leland Freeman is the Vice President of Marketing for The Source Recovery Company in Framingham, Massachusetts. This firm specializes in the development of the technology to recover missing source code. Lee is a frequent lecturer and author on the Year 2000 problem. He can be reached at 508-626-9955 or visit web site http://www. source-recovery. com. **VF**

Past Meeting Summary

The Business Plan Contest

The June, 1997 meeting was very well attended by those who wanted to learn the key points of writing an effective business plan and by those who wanted to see, hear and meet the business plan entrants and the winners. The first half of the meeting consisted of a presentation by Mr. Nuri Wissa of Kestrel Venture Management. He spoke about writing the business plan for technology-based companies. Specific Surface Corporation, the winner of the 1997 Business Plan Contest and its $10,000 award, presented the second half of the meeting. Our sponsors for this meeting were Ernst & Young, a leading accounting firm and Testa, Hurwitz & Thibeault, LLP, a law firm whose practice encompasses all principal areas of law affecting business, especially intellectual property protection. These two sponsors provided the $5000 cash award and the other sponsors provided the $5000 award in services.

Business Plan Overview

Mr. Wissa gave an in-depth review of the business plan structure based on his review of hundreds of business plans. Traditional organization business plans with traditional financials were the most favored by potential investors. By following a few guidelines, readers of business plans can navigate the document from cover-to-cover in minutes to make a decision to either seek further information or move on to the next company's plan. Traditional business plans are arranged with the following sections: executive summary, company information and background, product information and background, management team description, a market review including a competitive analysis, a market approach and financial information.

No Magic Formula

There was no magic formula given that defined a winning business plan. Some of the "traditional" features that make plans more easily read include major items such as the organization of the plan starting with an executive summary and industry-acceptable financial presentation including projections. Other minor items include using an easily readable font, wide margins for note taking, a lay-flat binding system and a page limit of about 15 - 20 pages.

There was one important fact presented by the speaker that should be kept in mind while writing a business plan. It is key for the authors of the plan to truly understand who their reader is. If it is a member of the venture capital community, the executive summary and financial summary must be in a "quick to read and understand" format because this group of people sees dozens of plans per week. A private investor, on the other hand, will still appreciate the summaries, but may need to know more about the technology and personalities before reading further.

The Winner

The winner of the 1997 Business Plan Contest was Specific Surface Corporation. The winner was one of three finalists chosen from the many plans submitted this year. The finalists were judged by a group of experts. The second and third place winners were announced first. Andrew Jeffery, Vice President of Specific Surface presented the winning plan and was later critiqued in detail by the expert panel. The presentation was very informative, concise and well-polished, and enhanced by full color, well-designed and easy to read viewgraphs.

Ron Bouley

Mark Parish, left, and Andrew Jeffery of Specific Surface, Inc.,m accept the $10,000 award for the best business plan.

Mr. Jeffery showed Specific Surface's high temperature gas filters made of ceramics. He did a professional job of covering the licensed MIT technology to manufacture the product line, the management team, the existing and future markets, the sales cycle and the equity needs of the company. He also passed around several impressive filter prototypes, which consisted of very light weight ceramic cylinders with intricate interior channels.

Panel Comments

Dr. Mark Parish, President of Specific Surface, joined Mr. Jeffery in answering the many comments and questions from the panel and audience. The review panel included Ms. Kathleen Cook, a partner at Ernst & Young, Mr. Peter McDermott, an attorney with Banner & Witcoff, LTD. and Mr. Mithchell Bloom, an attorney with Testa, Hurwitz and Thibeault, LLP. Panel comments were both complimentary and constructive. All three thought that the plan was very well written and that it did a great job of explaining the product, technology and market. There were concerns that both projected costs and sales were not fully supported in the detail assumption section. In addition, there were suggestions on how to approach the market in unique ways.

Audience Questions

The audience questions were directed more toward the process, product, market lead times, and the writing and presentation of the business plan itself. The authors told the audience that there were thirteen distinctive revisions that were drafted before the winning plan was submitted. The authors had addressed and incorporated almost every bit of feedback that they had received from readers of the plan, not only venture capitalists, but friends and family as well. By listening to the criticisms of readers, the plan evolved into a tight, well-written document that was informative and easy to read. The comments presented by the review panelists proved that even winning business plans cannot satisfy all of the readers all of the time.

Congratulations to the winners and all of those entrepreneurs who submitted their business plans. Also, a genuine "thank you" goes to all who help organize the contest, especially Ms. Kathleen Birmingham of MTDC, the judges and the sponsors. The Forum looks forward to announcing the 1998 WPI Venture Forum Business Plan Contest winner at the June, 1998 meeting. **VF**

Growing Your Business Successfully: Carla's Business

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

This series of articles profiles a hypothetical start-up company and the problems and missed opportunities encountered as a small business grows and develops. The authors are entrepreneurs and have either experienced these situations themselves or have been through the process with their clients. The first article will focus on the record keeping needs of a small business. Subsequent articles will address other tax, accounting and legal issues typical of a small and growing business.

The Hypothetical Business

Carla and Kurt Smithson are married, have three children and are in their mid 40's. Their oldest son, Ted, who is 19 will attend college in the fall. Jessica, 12, is in junior high school and Sophia, 16, is a junior in high school. Carla and Kurt were employed in the same high tech firm until last fall. At that time, Carla lost her job due to down-sizing and has now formed her own company, Smooth Solutions, a software integration company.

Smooth Solutions is a sole proprietorship and Carla provides custom solutions for small businesses that allows them to run multiple applications on Windows 95 in a seamless and efficient manner. Her client base has grown steadily since the January, 1997 formation of the company.

Record Keeping

Indeed, growth has been so rapid for Smooth Solutions that Carla has not had the time to adequately keep or maintain records. Carla's current accounting system is a mixture of checks she has written from her personal checking account, credit card charges on her personal account and cash paid out of pocket.

Why Is This A Problem?

What are the records she should keep and what are the missed opportunities in not having adequate records?

First, Carla has a haphazard system at best. With her present method there is no way she can tell where her company is at present and no way to plan and project her future. What Carla needs is an interrelated accounting information system for all financial information. This way she can monitor her business on a regular basis and plan for the future. Financial information is the basis of an information system. Without accurate records, the business is probably doomed at the outset.

Steps To Develop An Accounting Information System

Carla should set up a separate business checking account for all cash transactions. (Carla plans to hire employees so she must get a business checking account; she could get a less expensive second personal checking account for her business as long as the company is a sole proprietorship and has no employees.)

Carla needs to record all financial transactions. Two examples of transactions that affect accounts other than cash are loan proceeds and credit card charges.

Loan Proceeds

In December of 1996, Carla wrote a dynamic business plan and was able to obtain a bank loan of $100,000 using her home equity as collateral. She received the loan proceeds in February of 1997 and immediately put the loan proceeds in her new business account. However, Carla failed to classify the loan correctly and lumped the loan with sales.

What are the consequences of this recording error? First of all, Carla has overstated sales by $100,000 and her accounting information system is flawed to say the least. Secondly, if not corrected, she will be paying income tax on that amount. And thirdly, she will not be able to monitor and plan her business effectively with flawed information.

The loan proceeds should be placed in the checking account but should be recorded as loan proceeds so that there would no chance that this cash could be confused with sales or other income. The loan would be recorded on the company's balance sheet as a liability, and when paid, the principal part of the payment would reduce the loan's liability and the interest would be recorded as a current period expense.

Credit Card Charges

Carla often uses her personal credit card to buy office supplies for the business. Why can this be a problem?

The first problem usually occurs when the year has ended and Carla "remembers" those items she paid for personally. At this time, Carla must take a considerable amount of time in searching past credit card statements for business expenses and collecting the corresponding vendor invoices. Secondly, any interest she had to pay on the credit card must be traced to business expenses to be able to deduct the interest expense. This is virtually impossible when business and personal expenses are mixed in a credit card account. Also, Carla really does not know where she stands financially - she has an incomplete picture - until the business expenses are included in her accounting information systems. This can make an accurate analysis of her financial position nearly impossible if credit card charges are a large part of her expenditures for the business.

What can Carla do? She could have a separate credit card for the business. This way she has a record that is not mixed business and personal and all of the interest can be deducted as business interest. The business credit card should be part of the accounting system and charges and payments should be updated regularly.

Minimum "Books" Of Records

Below is a list of the minimum "books" of records that a business should keep. While using a manual system is possible, the cost benefit is dubious, especially with today's excellent computer software for small business. Carla should be sure that the system she sets up includes the following:

- **Business Checkbook** - as discussed above, a separate checking account is a must.
- **Cash receipts and cash disbursements journal** - really part of the business checkbook in software programs like QuickBooks©.
- **General Ledger** - all cash and non cash transactions are recorded in a general ledger. In a manual system, these transactions must be posted by hand. In a computer program, these transactions are automatically posted when transactions are entered. The general ledger has all transactions from every account recorded.
- **Accounts payable and accounts receivable** - what the business owes and what is owed to the business is recorded in these "books" or ledgers. In many of the computer programs, the user enters a purchase order or invoices a customer to initial these transactions.
- **Payroll records** - Payroll records for each employee and for the company must be accurately recorded. The use of a payroll service is often cost-beneficial to a small, growing company and can help that company avoid penalties and interest on missed or late deposits to a payroll trust account.

Next Time

Cash flow, the amount of cash moving through business, is a vital element needed to keep every business financially healthy. Carla learns the importance of cash flow and how to manage it.

Cynthia Sechrest, CPA and Jean Sifleet, CPA, JD, are principals of DCG, the business consulting group located in Devens, Massachusetts. This firm specializes in business development and systems. They can be reached at 508-772-6332. **VF**

Letter from the Chair

Continued from page 2

services), and presents the plan at our June Venture Forum monthly meeting. Look for details on this season's contest later this year.

This description of the Venture Forum would not be complete without a nod to our sponsors. We have a large number of dedicated sponsor organizations, all of whom are listed on page 2. These sponsors provide us with invaluable help, without which our organization would not exist. In addition to the monetary support each sponsor provides, we count on the sponsors for program and participant ideas, for newsletter articles and for much additional support, which is largely unnoticed to those outside of the Venture Forum executive committee. I would like to take this opportunity to thank each and every one of our sponsors.

I look forward to seeing you at our October 21 meeting on "Identifying Your Distribution Channels". **VF**

CALENDAR OF EVENTS

October 21, 1997
Identifying Your Distribution Channels

November 18, 1997
Networking for Success

December 16, 1997
The Reality of Virtual Companies

January 20, 1998
Structuring Your Team for Growth

February 17, 1998
Growth Forecasting–Not Just Smoke and Mirrors

March 17, 1998
Surviving the Crisis

April 21, 1998
Financing Your Company's Future

May 19, 1998
The Science of Sales

June 9, 1998
Writing a Successful Business Plan and the Contest Winner!

Special Invitation for Entrepreneurs

Mentor's Dinner

RSVP by October 15, 1997

The WPI Venture Forum invites you to set aside the evening of **Thursday, October 30, 1997**, to attend the second edition of a special event. We have arranged for a number of successful, local business people to serve as Mentors to small, table-size groups of entrepreneurs. Spend dinner with one of these mentors, discussing the ups and downs of how to grow a company. Find out what it really takes to succeed in technology-based businesses—all in a comfortable, dinner atmosphere.

This spring, the first Mentor's Dinner drew an impressive crowd, all of whom came to hear our guest Mentors. To whet your appetite for this season's dinner, we've included a list of past participants and their specialties:

- **John Argitis, President, G&F Industries**
  Plastic injection molds, precision molded parts
- **Ronald H. Chand, President, Chand Associates**
  High-tech ceramics
- **Patrick T. Healey, President & CEO, Superior Friction**
  Automotive disc brake pads
- **Jim Knott, President, Riverdale Mills**
  Coated, welded wire
- **Ned LaFortune, President, Wachusett Brewing**
  Brewing
- **Alfred Molinari, President, Data Translation, Inc.**
  Computer-based data acquisition systems
- **Steve Rubin, President, Intellution**
  Software for manufacturing process control

The event will begin with a short networking session at 6:30pm. Dinner will include a six course meal, featuring chicken with artichokes and sun dried tomatoes. Beer and wine cocktails are included.

Reservations are being taken on a first-come, first-served basis for this limited seating event. To facilitate maximum communication among attendees, a limit of 48 entrepreneurs will be seated with the seven Mentors. So reserve your spot early by returning the form below.

❍ **Yes**, please sign me up to attend the WPI Venture Forum Mentor's Dinner on Thursday, October 30, 1997. Enclosed is my check for $25 to cover the cost of the dinner.

Name _____

Company _____

Address _____

City, State, Zip _____

Phone _____

Return this form to WPI Venture Forum, Worcester Polytechnic Institute, Alumni Office, 100 Institute Road, Worcester, MA 01609, 508-831-6021.

Directions to WPI Campus, Higgins House

From the EAST—Take Mass Pike West to 495 North to I-290 West to Worcester, Exit 18. At the exit, turn right at the traffic light, then right at the next light (Concord St.). At the next light bear right onto Salisbury St. Take your second right into Higgins House, or park in the lot just prior.

From the WEST—Take Exit 10 off the Mass Pike to I-290 into Worcester. Get off at Exit 17 (Lincoln Sq. Belmont St., Rt 9) and turn left off ramp. Continue through Lincoln Square to Highland St. following Rt 9. Turn right onto West St. At end of West, turn left onto Salisbury St., then take an immediate left into Higgins House. Park there or in the next parking lot on Salisbury St.

An End To "Business As Usual"

(Nine Steps To Focus Your Customer's Mind)

by Dave Rothfeld, President of Creative Sales + Management, Inc.

Today's customers are more difficult to deal with. They're interested only in what they're doing at the moment and are far less tolerant of anyone who dares to digress from the issues at hand, as they see it. They could be described as narrow-minded, although they can be also viewed more accurately as *highly-focused.* "They ask more questions and expect solid answers" report many sales people. The customer takes more time to make decisions, requires those they do business with to be far more competent and have higher expectations before and after the sale.

Although the *manner* in which business is done today has changed dramatically, it's easy to misread the way business is being conducted, particularly in marketing and sales. To be successful in such a highly competitive and intensely focused environment, it's important to thoroughly understand the no-nonsense, down to business mind-set of the customer.

1. Focus on the task. *Puff and fluff* are out on the marketing side, as is shmoozing in sales. Customers expect to get down to business without wasting time. They are riveted on meeting heavy demands and tight deadlines so they don't have time to be courted. The way to get the customer's attention is to spend minimal time developing rapport and to demonstrate expertise through specific questions to help them see the real issues clearly.

2. Offer an immediate payoff. "What's it going to give me now?" asks the unit manager of a midsize manufacturing company. Although his clipped manner seems almost belligerent, he is only setting the parameters and is driven by the need to demonstrate quick results.

3. Take no chances. While there is talk about employee empowerment and the need to allow people to learn from their own errors, there appears to be far less tolerance for mistakes that are costly in both time and money. The pressures are so intense that one misstep translates into waves of complications, unnecessary hassles and troublesome confrontations. Today's customers demand assurances. Give it to them and you'll both win.

4. Maintain a competitive advantage. Staying even with the competition is tough enough, but being able to take the lead is what the customers want. Marketing and sales tactics should aim at demonstrating how a product or service gives a customer a competitive advantage. In fact, if you want to wow them, "find out what the competition is doing…and *don't* do it." This puts all of your competitors in the same box and positions you as "different."

5. Simplify. Complex and complicated are out, simplified is in. This is a way to get the customer's attention. For a service firm, this means positioning itself as an outsourcing provider. For equipment suppliers, it must make the job easier.

6. Save time. On the surface this appears to be a drive for greater productivity. While getting more accomplished in less time is a top priority that will only intensify in the years ahead, there is a new element involved with saving time. Customers are not only looking to do work faster, but they want to do it with less involvement on their part. They want systems that require less management.

7. Position yourself on the cutting edge. If it isn't perceived by the customer as "advanced" or "leading edge", it's almost impossible to sell. The operative phrase of course is "perceived by the customer" because each one has their own understanding of what "leading edge" means. Assessing a prospect's "leading edge" comfort level is essential.

8. Offer single-source responsibility. There's a growing tendency for managers to delay and even avoid making certain decisions because they produce more work and the opportunity for the unraveling of problems. Single-source responsibility is an important concept because it holds the promise of minimizing complications.

9. Reduce costs. Salespeople often report that they failed to get an order because "The customer didn't want to spend the money" or "Someone else's price was lower than ours." These simplistic responses mask the issue of reducing cost. The prudent customer is interested in doing a better job and saving money at the same time. And they can, once they realize they can have both by buying at the "lowest total cost" - the price that includes the best service and the highest quality. *The task of the marketer and the salesperson is to help customers gain an accurate understanding of* ***cost***.

These nine issues demonstrate the laser-like focus of the customer's mind. Their time and energy are directed to what needs to be accomplished at the moment. It's more difficult to market and sell in an environment that is highly charged and intense. Yet, if the customer's narrowly defined mind-set is properly understood, it becomes an opportunity to gain a critical advantage over the competition.

Dave Rothfeld is President of Creative Sales + Management, Inc. (CS+M), a sales and sales management consulting firm located in Natick, Massachusetts. CS+M offers customized programs to address corporate marketing support and in-house training requirements. Private consulting to firms seeking market expansion is also available. Contact Dave at 508-655-9444 or e-mail at dave@csm4tqs.com.

This article is reprinted with the permission of Dave Rothfeld. It first appeared in Focus On Sales, July/August 1997, a publication of CS+M. **VF**

How Adults Learn

by Richard Dacri, President, Dacri & Associates

Employee training is a critical factor in the development and maintenance of an effective, knowledgeable workforce. Since the mid 1980's, a substantial amount of research has been conducted in the area of adult learning, providing important insights into the formulation of successful training programs. Through this research, we now know the following ten facts about adult learning.

- **Adults need to be involved in the planning and evaluation of their instruction.** Organizations often make the mistake of developing employee training programs based on the management's perception of employee needs, rather than the actual needs of the employees. Effectively designed training programs reflect the fact that adults are autonomous and self-directed.
- **Adults are most interested in learning subjects that have immediate relevance to their personal job or personal life.** Learning is a means to an end, not an end in itself.
- **Adult learning is problem-centered rather than content oriented.** Training should focus on the application of concepts to relevant practical solutions.
- **Adults relate new knowledge to previously learned information and experiences.** Adults need to be able to integrate new ideas with what they already know if they are going to keep - and use - the new information.
- **Adult life cycles influence learning.** Training programs should incorporate multiple developmental life stages and value sets.
- **Adults have expectations.** It is critical to take the time at the beginning of the training process to clarify and articulate all expectations before getting into content.
- **Integration of new knowledge and skills requires transition time and focused effort on application.** Utilization of practical, hands-on activities enhances adult learning. Adults must actively participate in the learning experience.
- **Adults prefer single concept, single theory instruction that focuses heavily on the application of the concept to relevant problems.** Adults tend to be less interested in the presentation of multiple theories or surveys. This tendency increases with age.
- **Information that conflicts sharply with what is already held to be true, and thus forces a re-evaluation of the old material, is integrated more slowly.** Adults have firmly entrenched opinions, beliefs and values. Instruction must be appropriately designed and timed to effect a change in belief and value systems.
- **The learning environment must be physically and psychologically comfortable.** The physical and psychological environment should be conductive to learning. "Stifling" rooms or instructional attitudes will inevitably stifle adult learning.

The next five years will eclipse the last fifty in terms of hard data production on adult learning. For the present, we must recognize and incorporate into our training design the fact that adults want their learning to be problem-oriented, relevant, timely, and respectful of individual needs, expectations and values.

Reprinted with permission from the Dacri Report, Your Human Resource Update, July, 1997, Volume 2.07. Dacri & Associates, located in Westborough, Massachusetts, specializes in Human Resource Management services. Richard can be reached at 508-366-7833 or e-mail at Dacriassoc@AOL.com. **VF**

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