

WPI Venture Forum

Collaborative for Entrepreneurship & Innovation
Department of Management
WPI
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WPI Venture Forum Calendar of Events

October 9 - Corporate financial growth

November 13 - Marketing

Directions to WPI Campus, Campus Center Odeum

From The East:

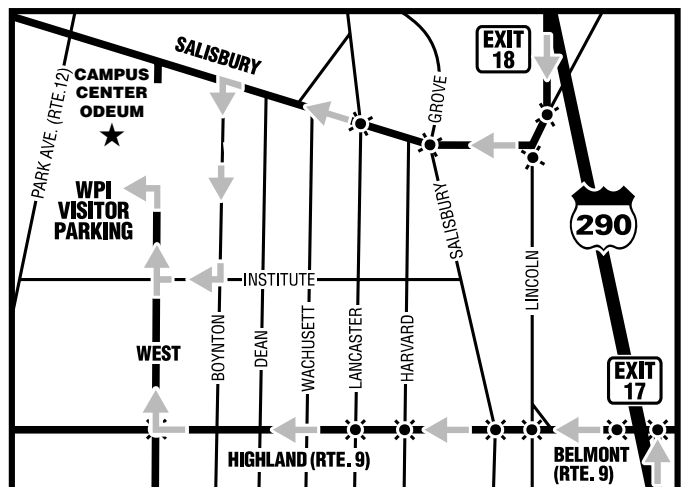
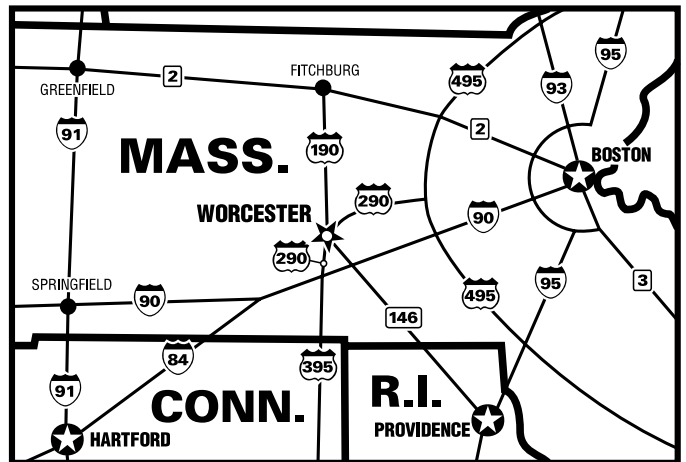
Take Mass. Turnpike (I-90) to Exit 11A (I-495). Proceed north to I-290, then west into Worcester. Take Exit 18, turn right at end of ramp, then an immediate right before next traffic light. At next light, proceed straight through, bearing to the right on Salisbury St. At the WPI sign, turn left onto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

From The North:

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

From The South And West:

Take Mass. Turnpike I-90 to Exit 10 - Auburn. Proceed east on I-290 into Worcester. Take Exit 17, turn left at end of ramp, follow Route 9 west through Lincoln Square, straight onto Highland St. then right at light onto West St., through first intersection of West and Institute Rd. Visitor parking is on the left after footbridge. Additional parking on Boynton St. behind Gordon Library.





Venture Forum News

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

Volume 11 No.2
October 2001

Creating explosive corporate financial growth

Tuesday, October 9, 2001
WPI, Campus Center Odeum*
Registration: 6:00 pm
Meeting: 6:30 pm
Cost: \$10, annual & lifetime members
\$20, non-members
No cost for discounted members

Donald Laurie, founder and managing director of the management-consulting firm Laurie International Limited, will address the October meeting of the WPI Venture Forum and present proven methods for developing a framework of strategies that can lead to explosive corporate growth. A frequent speaker at corporate, industry and venture capital confer-

ences, Business Week roundtables and high-profile venues, he will answer some critical questions, including:

- Where's the growth? How should leaders challenge their organizations to achieve double-digit growth?
- How do venture companies fuel corporate growth?
- What business models and value-added activities do proven industry leaders use to promote new business and venture investing?
- How can you develop and implement unique strategies for creating new business and venture investing?
- What is the work of leadership? How can you mobilize people and develop a leadership agenda that results in effective implementation of your venture strategy?



Donald Laurie, founder and managing director of Laurie International Limited

Europe. Laurie has taught leadership courses in the Senior Executive Program at prestigious business schools including Harvard and Wharton. He is author of *The Work of the Leader* published in the 1995 Financial Times Handbook of Management, and co-author with Ronald A. Heifetz of "The Work of Leadership," published in the *Harvard Business Review*,

January-February 1997.

Laurie has recently benchmarked the business models, value-added activities and pre-conditions for success of companies that have achieved accelerated growth. He has identified each company's own unique business model and implications for structure organization ▶

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* Please note change in meeting location.

The October meeting is sponsored by:

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Newsletter co-editors:

Marcia Priestley 508.869.2280

Phyllis Hanlon 508.248.5161

Business plan & breakfast meeting:

Norm Brust 508.697.7200

Finance: Paul McGrath 508.753.6500

Marketing: Shari Worthington 508.755.5242

Monthly programs: Jerry Shapiro 508.872.8725

Nominating & development:

Brian Dingman 508.791.8500

Radio program: Bob Hokanson 508.869.2984

Sponsorship & advertising:

Mac Banks 508.831.5075

WPI VENTURE FORUM OFFICE

Phone: 508.831.5075

Email: ventureforum@wpi.edu

www.wpiventureforum.org

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Letter from the Chair

Needed: a new engine— a new driver

by Dick Prince

The engine built on innovation, productivity, insight and a generous amount of hard work that drove the "Technology Revolution" of the 1990s is sputtering...badly! This mighty engine consistently powered the vehicle used by many entrepreneurs to successfully drive down a road fraught with risk and unknowns. Regardless of the hazards, the engine maintained its forward momentum as the driver avoided potholes, obstacles and bad weather because success was a realistic objective. Energy and hope prevailed. Start up companies grew rapidly with many becoming giants; entrepreneurs reaped fortunes as they grew or sold their businesses.

Today, many of those companies are gone and the fortunes have evaporated. The vehicle and the engine are in a state of disrepair; the road is now marked a construction zone, and the entrepreneur sits in a roadside rest area waiting for a tow truck. However, the vehicle is still capable of running after some serious repair and the road ahead is still on the map. The entrepreneur is the key. Still alive and kicking, the entrepreneur has become an experienced veteran who has survived the last ten years or more. Joining the entrepreneur-turned-veteran is a new batch of recruits who are naïve and inexperienced, but fresh, enthusiastic and hopeful. They have only read about the past and think it must sound worse than it actually was.

The combination of these two - the experienced and the inexperienced - with a mixture of calculated and unbounded enthusiasm, will fuel this new engine and drive the surge of the future.



Although they have lost a great deal of momentum, many of the gains of the nineties are still in place. The market is truly the entire world and access to customers has never been more convenient. Entrepreneurs must now find new combinations of products, processes and pathways to bring their ideas to light.

Enter the WPI Venture Forum. Our business is bringing experience to the inexperienced and helping to guide them through the highly rewarding, albeit treacherous, pathway to success. Our mentors and programs provide entrepreneurs with the experience of the past, the reality of the present and insight into the future. If you are seeking assistance, advice or even some funding to get your business started, friends of the WPI Venture Forum are here to help you.

Join us! Let's get this engine started and the vehicle moving again.

Dick Prince

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

God Bless America

Creating explosive corporate financial growth

Continued from front page

capabilities, the management system (e.g., measures, rewards, etc.) and culture. The results of his research will be released in a new book, *“Venture Catalyst—5 Strategies to Explosive Corporate Growth.”* (Perseus Publishing, October 2001)

“In the next few years, successful CEOs will be those who challenge their organizations to respond to a more demanding agenda for growth,” says Laurie. “Corporate success requires that today’s portfolios include both acorns and oak trees; companies must be attackers and innovators, not just defenders of their existing businesses. No company can be satisfied with only efficiency and steady productivity.”

Laurie has worked with leaders and their organizations at British Airways, Xerox, IBM, Philips, Unilever, Shell, Chemical Bank, KPMG, British Telecom, British Petroleum and others. After residing in London for ten years, he recently returned to Boston where he is an investor and director of a number of “seed capital” companies.

Laurie was associated with Arthur D. Little, Inc., where he was one of the firm’s leaders in developing and implementing strategy. Prior to joining Arthur D. Little, he served as managing director of a Merrill Lynch subsidiary and held a number of line and staff positions in his ten years with Xerox Corporation.

A member of the World Affairs Council International Advisory Board of Columbia University

and President of the Board of Governors of Villanova University Alumni, Laurie received his MBA from Columbia University and has studied for a master’s degree in international affairs. He has served on the editorial boards of the *Strategic Management Journal* and the Academy of Management’s journal, *Executive*. He is also a former trustee of the Boston Ballet.

Case Presenter

Chameleon Network Inc.

Joseph Thomas

Co-founder & vice president, product operations

Karlin B. Jessen

Co-founder & vice president, marketing

& public relations

950 Winter Street, Suite 1400

Waltham, MA 02451

Tel: (781) 839-1709

Fax: (781) 487-7940

Cell: (508) 353-8269

Email: jthomas@ChameleonNetwork.com

Chameleon Network Inc. promises to revolutionize the world of retail transactions and personal financial management. Consider a few important questions. Does your wallet link its contents to financial records and record-keeping software? Is it vulnerable to theft and loss of important personal data? Does it provide a way for retailers and card issuers to communicate effectively? By combining existing technology with innovative new services and Internet applications, Chameleon Network is developing the *Pocket Vault System*.



Joseph Thomas co-founder and vice president of Chameleon Network Inc.

According to Joseph Thomas, co-founder and vice president, and partner Karl Jessen, this patents-pending (U.S., Europe and Asia) digital wallet will progressively replace the traditional wallet, a depository of vital personal data unsuit-

“Corporate success requires that today’s portfolios include both acorns and oak trees...”

ed to the demands of today’s technologically advanced world.

Chameleon Network’s advanced technology offers viable solutions for the safe and effective management of all financial transactions. The compact, fingerprint-activated *Pocket Vault* is immune to theft and fraud and links wallet items, personal financial records and Internet Services. The *Pocket Vault* uses a single reusable Chameleon Card, which changes identity to emulate credit and debit cards. Unlike all competing technologies, *Pocket Vault* is fully compatible with all existing credit card authorization terminals, ATMs and electronic cash registers. For added security, the Chameleon Card self-erases after 15 minutes.

Stand alone or integrated

The *Pocket Vault* will be available either as a “stand alone” device, smaller than a personal digital assistant (PDA), or integrated into mobile



Karlin Jessen co-founder and vice president of Chameleon Network Inc.

phones and PDAs.

With magnetic stripe, smart card and wireless capabilities, the *Pocket Vault* will serve as a bridge to next generation transactions and a catalyst for future mobile commerce solutions.

Chameleon Network

has identified four

target markets for its product: consumers, wallet media issuers, retailers and manufacturers. Focused on providing support services to end users, partners and direct marketers, the company also hopes to earn additional revenue from licensing its innovative technology to multiple manufacturers, such as Sony and Samsung, as well as to mobile phone manufacturers and other high-tech platforms.

Thomas and Jessen have mapped out revenue streams based on its target markets and anticipate the majority of initial income from device sales.

Noting a similarity to cellular phone companies, the co-founders envision the bulk of revenue by year five from recur-

ring service charges. Unlike the cellular industry, however, their business model does not necessitate deployment of infrastructure or high costs to recoup implementation fees. Citing a primary addressable national market of more than \$10 billion, Chameleon Network sees potential revenue by year six exceeding \$1.1 billion.

At the October meeting of the Venture Forum, Thomas and Jessen will offer their thoughts on branding, market entry strategies and competition for the *Pocket Vault System*. Following their portion of the program, a question and answer period and a short networking break, a panel of experts, including speaker Don Laurie, will evaluate Chameleon Network’s business plan and presentation and offer constructive feedback. **VF**

Why arbitration policies make sense for employers, part 2

by Paul Peter Nicolai, Esq.

Last month's article discussed how incorporating an alternative dispute resolution (ADR) process into an employment policy can reduce costs and limit exposure for employers in today's litigious environment. It also outlined key elements of an ADR policy likely to be upheld by courts.

The major standard for employment arbitration provisions is the Protocol for Mediation and Arbitration of Statutory Disputes Arising out of the Employment Relationship ("Protocol") issued by the American Arbitration Association (AAA), the leading forum for employment and labor dispute resolution.

According to the Protocol, employers should ensure employees have knowing consent of an ADR policy by:

- Making sure employees are aware of the policy.
- Ensuring it is understood. A signed acknowledgment which says they read and understand the policy eliminates disputes.
- Distributing the arbitration agreement separately, even if included in a handbook.
- Giving copies to each employee of both the arbitration policy and any procedural rules.
- Encouraging employees to read the materials.
- Making sure the arbitration provisions are simply stated, with a summary emphasizing that jury trials are waived and explicitly providing that all claims arising from the employee's employment must be arbitrated.
- Providing time for employees to read and question the provisions.
- Making the policy mutual, including any exclusions.

Tying internal grievance mechanisms to ADR

Coupled with ADR, internal dispute resolution systems remain important to workplace harmony. Many employers have "open door" policies where employees can bring problems to man-

agement attention. These policies give employees and management an opportunity to work out issues and head off litigation. Problems arise, however, when an internal process becomes the final, binding, mandatory route for resolving all disputes involving statutory rights.

Even if internal systems do not preclude employees from bringing court actions, they are valuable. They alert employers to mistaken decisions quickly and cheaply, allowing a chance to change them. They also demonstrate whether employees agree with the employer's definition of fairness. Finally, they can change the scope of a court's inquiry from the ADR policy to whether the internal grievance procedures were followed.

Once a decision is made, arbitration awards cannot be reviewed for errors in law or fact, since the applicable public policy interest is to make

the award final. In Massachusetts, arbitration awards are reviewed under the Uniform Arbitration Act.

With a greater likelihood of employee suits, employers need to rethink their employment policy strategies. An effective ADR program can help them take control of the potential cost and exposure to litigation.

Paul Peter Nicolai has participated in approximately 550 cases as a mediator or arbitrator. President of Nicolai Law Group, P.C., in Springfield, Mass., he maintains professional licensure in Massachusetts, New York and Washington, D.C. A member of the American Arbitration Association, he is a frequent speaker on arbitration and has written extensively on business law issues. He began his concentration in employment law as counsel to Friendly Ice Cream Corporation before establishing his own firm in 1988. VF

Got news?

Have you or your company weathered a merger, IPO, job change, joint venture, start-up or other important event?

Are you or your company sponsoring a business-related conference, seminar or workshop?

Have you been published in a local, regional or national business magazine? Would you like to see that article in an upcoming issue of the WPI Venture Forum News?

Members, here's your opportunity to share your news with others in the technology-based entrepreneurial community.



If you have business information that you would like to submit, please contact Gina Betti at 508-831-5075 or gbetti@wpi.edu or Phyllis Hanlon at 508-248-5161 or polishpen@aol.com.

Publication of all material is subject to space availability and at the discretion of the editor.

Advice to entrepreneurs: don't let the money markets fool you

By Brian M. Johnson, CPA

The Dow is down. The Nasdaq has crashed. Private equity investing is off. Should would-be entrepreneurs fold up their business plans and seek a traditional job? Not at all.

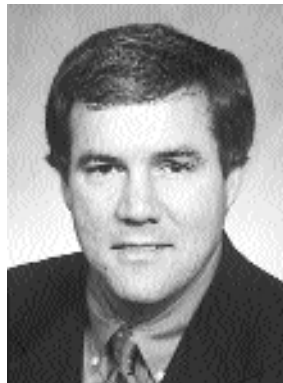
Entrepreneurs have every reason to be optimistic. But, most of all, they should be wary of conventional wisdom.

Example: When the 1993 federal tax increase program was proposed, warnings abounded that higher taxes would endanger the national economy, especially coming on the heels of the recession of the early 1990s. Well, taxes were increased — and we experienced the longest period of prosperity in the nation's history.

Example: In promoting its tax reduction program earlier this year, the Bush administration argued that tax cuts spur economic

growth and are good medicine for the economy. During the past year, the Federal Reserve has aggressively cut interest rates, citing conventional wisdom that lower interest rates stimulate investments. Well, taxes and interest rates were cut — and many companies responded by laying off thousands of workers, slashing investment, and forecasting lower earnings.

Many factors, to be sure, influence and explain economic growth and retrenchment, and keep battalions of economists employed trying to figure things out. But what active and would-be entrepreneurs should take away from these lessons is that wide-



Brian M. Johnson, Managing Director and CFO, Zero Stage Capital

ly accepted views of broad business trends can be misleading. Even as investors continue to adjust their investment horizons, with more and more talking about a late-2002 stock market recovery, entrepreneurs have five good reasons to be optimistic.

First, the entrepreneurial spirit prevails in the United States. While our national demographics continue to change and evolve, the U.S. today still leads the world in fostering freedom of thought

and expression. Patent, copyright, and royalty law, all of which protect the right to reap the fruits of one's labors, is strong and entrenched. ▶

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SPONSOR'S BUSINESS HIGHLIGHT

Lucash, Gesmer & Updegrove, LLP

Lucash, Gesmer & Updegrove is a Boston-based law firm that specializes in representing technology clients. Our clients are individual entrepreneurs, private and public companies, venture capitalists and major educational non-profit institutions. We meet the evolving needs of our clients through our extensive experience in representing companies engaged in cutting-edge areas of business, including software technologies, the Internet, electronic commerce and medical technologies. As 95 percent of our practice is in the technology sector, our firm represents one of the largest technology practice groups in New England with 40 lawyers dedicated to services for the new economy. At the same time, we bring the focus

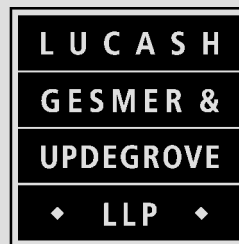
and attention of a smaller firm to the representation of our clients.

A large part of our practice focuses on helping entrepreneurial companies utilizing software, Internet and electronic commerce technologies get started, protect their intellectual property assets, find financing, and structure and grow their businesses. We have extensive experience in private and venture capital financing, mergers and acquisitions and complex corporate partnership, joint venture and technology transactions. We have worked with many hundreds of technology companies that have gone from start-up through acquisition or initial public offering, or which continue as successful businesses under the ownership and

management of their founders.

As a full service law firm for *Attorneys At Law* the high technology sector, Lucash, Gesmer & Updegrove LLP furnishes the full range of general (corporate, securities, M&A, contracts, employment, tax, litigation, real estate) and highly specialized (patent, trademark, copyright, internet, e-commerce) legal services for high-growth companies, at all stages from concept to mature business.

Lucash, Gesmer & Updegrove, LLP,
40 Broad Street, Boston, MA 02109
Voice 617-350-6800, Fax 617-350-6878
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Advice to entrepreneurs: don't let the money markets fool you

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Second, corporate upheaval over the last dozen years or so has convinced many people entering the work force, as well as many already in it, that established companies, regardless of their size or market position, cannot guarantee security. Despite the dot.com meltdown, many people recognize that an entrepreneurial environment, while sometimes rocky, can deliver greater

rewards than established firms or, at the very least, offer a more interesting work environment.

Third, innovation, especially technological innovation, is what the U.S. has to offer the world. We cannot supply cheap labor or compete in manufacturing low value-added products. Even as other parts of the world develop their own indigenous talents, many still look to the U.S. for leading-edge innovation across a wide range of industries.

Fourth, the same national culture that encourages innovation does not stigmatize failure — as long as one learns from it.

Fifth, despite general declines in return on private and public equity, there is a huge reservoir of venture capital looking to be invested.

But while good ideas, hard work, a willingness to experiment and perhaps even fail are necessary for success, this is not enough. One also needs capital.

Many investors right now are taking a wait-and-see approach to the equity markets, flocking to bonds and other fixed-rate investments in the meantime. As less risk-averse investors start making equity investments, others will follow and a larger equity investing cycle will start anew. Entrepreneurs, however, should not take their cues from such behavior.

The truth of the matter is there is no good time or bad time to invest. (It's worth noting that some people, admittedly few, became millionaires during the Great Depression.) While the popular press focuses on macro-level trends, numerous opportunities exist for investors and entrepreneurs to discover each other. Taking advantage of those opportunities is often a matter of doing one's homework — and steeling one's nerve.

If you have a solid business idea and can convince investors that a sizeable market exists, and if you can assemble a credible team, the chances of securing serious funding is quite good. Conventional wisdom says don't move now, but wait instead until the next investment cycle begins. That's being reasonable, but the world has always advanced because some people were willing to defy reason.

*Brian M. Johnson is Managing Director and CFO, of Zero Stage Capital, a leading venture capital firm based in Cambridge, Mass. He has a BS degree from Babson College in finance and entrepreneurship and earned an MBA from WPI. He is a certified public accountant and serves on the board of directors of several venture funded high technology companies. He can be reached at Zero Stage Capital, www.zerostage.com, 101 Main St., Cambridge, MA 02142, Tel: 617-876-5355, Fax: 617-876-1248. **VF***

WPI Venture Forum Radio Show

Join fellow entrepreneurs every Saturday evening from 5 to 7 for the WPI Venture Forum radio show, broadcast on WTAG AM 580. Executive producer Bob Hokanson brings more than 20 years of broadcast expertise to the show as he interviews a variety of business professionals each week.

Topics might include how to write a business plan, raise capital, create a benefits package or the best way to structure management. Weekly guests offer expert opinion and advice to rising business stars. If you'd like to participate in this lively, entertaining and informative radio talk show, call 508-755-0058 with your questions regarding entrepreneurship and managing technology-based corporations.

Please note that sports events or late-breaking news stories may occasionally pre-empt the regularly scheduled program.

Survival tips for managing during economic downturns

Running or managing a small business often leaves little time to keep track of national, and even regional, economic indicators that might affect your industry and your specific operation. Yet conditions such as interest rates, inflation, gross national product, stock prices and consumer confidence have direct impact on your profitability and on relationships with vendors, customers and even employees.

During periods of economic decline, whether widespread or cyclical for a particular type of business, entrepreneurs are most likely to bear the brunt. Yet the fact that conditions are changing opens up opportunities for resourceful firms to outsmart larger competitors who, during a downturn, carry on business as usual or are unable to adapt quickly — except to fire employees. Such innovative small firms can:

- gain market share by taking it away from competitors unable to adjust to shifting market conditions;
- maintain a strong cash stream throughout the downturn, in contrast to other companies that may have liquidity problems;

- become a leaner, more cost-effective and more efficient operation, better positioned to do well when the market improves.

The challenge is to be aggressive and imaginative. Entrepreneurs who survive and even prosper during hard times must be able to look beyond the present, overcome the constraints of tradition, see the firm from a new perspective and do business differently.

Here are 14 specific recommendations for small business owners and managers to follow during economic upheavals:

1. Watch your inventories carefully, but don't hold them down so tight that you'll lose sales. Typically during a slowdown, there is an imbalance between slumping retail sales and bloated inventories — don't be saddled with leftover merchandise that ties up your cash flow.

One possibility is converting inventories into cash. If your business traditionally stocks 250 units of each of its slowest-moving products, consider cutting that number to 100 each. Monitor the results, keeping an eye out for those products that can tolerate even leaner inventories or that should be eliminated from your

stock. This way if sales nosedive, less of your cash is locked into unproductive assets.

2. Taking that point further, monitor your cash flow very diligently, and forecast it monthly to ensure that expenses and planned expenditures are in line with accounts receivable. Make sure your financial statements provide information that is timely, relevant and accurate. Cash flow statements are superior in this regard to income statements and balance sheets. Be able to project where you will stand three months in advance.

Negotiate with suppliers, contractors and landlords for better prices or short-term reductions, and even consider trading goods and services on a barter exchange for credits instead of for cash. Take advantage of supplier discounts for prompt payment, and don't pay checks for no-discount bills before they're due. ►

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New Event!

Back By Popular Demand!

Recognition of entrepreneurs*

Last season the Venture Forum instituted a new event intended to give entrepreneurs an opportunity for a "60-second commercial." We are pleased to announce the return of this much-anticipated event.

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

The one-minute rule will be strictly enforced and there will be no questions allowed. Each entrepreneur will be allowed to show one overhead slide, which you can bring or prepare on site. We will provide materials.

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

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

Survival tips for managing during economic downturns

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If the cash bind has already surfaced, talk to creditors before the bills are past due to persuade them to extend payments of your current bills. Your chances of getting their cooperation will lessen if you wait until they send collection memos. Keep in mind that suppliers' credit managers will be more receptive if your payment history is a solid one, and you can assure them future bills will be paid on time.

3. Separate the "nice to do" from the "have to do," and eliminate nonessential expenses as much as possible. Ask yourself, is that activity necessary? If not, don't do it. Also consider cutting personal spending. Simple solutions such as brown bag lunches and car-pooling can make a difference.

4. Reduce or stretch out debt, and build up your capital reserves. Watch the credit-worthiness of your customers, even bread and butter accounts. Remaining close to existing customers, and checking to see how they are getting on during the economic downturn, not only helps avoid unpleasant surprises but could also lead to new opportunities.

Besides, when sales are sluggish, keeping in touch with customers (always a sound business practice) becomes vital to head off eager competitors. If appropriate, encourage sales people to call on every customer on a regular basis, and set aside some of your own time to do the same. Frequent face-to-face meetings with your client base provide an excellent opportunity — probably your only one — to pacify disgruntled customers and win back lost ones.

Try to lock up long-term contracts with your most important customers at anything approaching acceptable terms. Offer prepayment incentives, for example, and discounts on long-term buys.

5. Get aggressive with collections. According to the partner of a consulting firm, "when business is good, companies tend to become lazy about collecting on receivables. This can prove dangerous in a recession." Assume that the average collection period for your industry is 45 days, but your company is at 51 days. After bringing that collection period down to the industry average, keep working to get it down to 40 days. Being tough with customers may be unpleasant,

but it's an important safeguard against the effects of a prolonged economic slowdown.

6. In a related vein, look hard at capital spending. Consider delaying both the purchase of high-ticket items and expansion plans that take a long time to pay off. At the same time, make sure you have enough capacity to start filling orders again when the economy stabilizes.

7. Strengthen your banking relationships, which includes letting lenders know the company's financial position. Banks are looking for business to boost their income, but are also trying to minimize risk, so they are careful about what kind of loans they undertake. Most experts agree, however, that seeking additional credit during a recession is not advisable.

8. Look for opportunities to reduce rented space. If, like many companies, you acquired space in anticipation of staff expansion that ultimately proved unnecessary, this may be a good time to sublet that space, thus reducing overhead and generating extra income.

With this in mind, commit yourself to subleasing a set percentage of your company's space. By consolidating operations and removing unused equipment, you may find that much of the space you thought you had to have was simply draining the bottom line.

9. Now is the time to be prudently aggressive in the marketplace. Actively seek out new business, and perhaps add a salesperson or two or an extra service to give you a competitive edge.

10. Similarly, don't skimp on service and quality by being understaffed. Options include freelancers, consultants and part-time employees. One advantage of a slowdown is that hiring gets easier since there are more available candidates due to layoffs and other cutbacks.

11. In strategizing how to build your customer base and induce current customers to raise revenues, the importance of good service cannot be over-emphasized, especially as their buying power or willingness to spend decreases during tough economic times. Studies show that perception of service is fixed primarily in terms of time in a customer's mind. Three examples are: waiting time to obtain service; reaction time to deliver service, and length of time of the service. In person or on the phone, prospective cus-

Survival guidelines

- Monitor your competitors' advertising. If they're cutting down, seriously consider increasing your ad budget and hitting harder. This will provide a great opportunity to capture — and retain — a larger share of the market.
- Avoid gimmicky and clever advertising. Center your message on the benefits and advantages of your product or service, such as convenience or energy efficiency, rather than making emotional appeals.
- Use direct-response advertising techniques. Use hard-hitting copy with simple but convincing language, a special offer the prospect will find hard to pass up, and a strong call to action.
- Avoid ads that look like ads. Make them appear to be vital messages to the consumer offering them the most for their money.
- Emphasize quality and durability. Consumers are looking for as much value as possible in a weak economy. But don't actually use the words "quality" and durability," as they have degenerated into advertising clichés.
- Study advertising research thoroughly. Know which page positions pull best, which copy factors work effectively, which colors do the job, and so on. Spend every ad dollar carefully.
- Re-examine your marketing mix to ensure it is the most cost effective.
- Keep in mind that perceptions play a major role in a weak economy. If people believe money is going to be tight, they will behave as if it is, even if they have money to spend. Your ads have to convince prospective customers that your product or service is a wise investment.

tomers will walk out or hang up if their time perception is strained.

According to management consultant Donald Blumberg, author of *Managing Service as a Strategic Profit Center*, customers will temper their time demands when they see store employees busy helping other customers. But they will not be so tolerant when clerks are chatting with one another or on the phone while cus-

tomers are ignored. An informal, friendly attitude is key to a happy workplace, with emphasis clearly placed on the important role all employees play in meeting customer needs for attentive, timely service.

12. Historically, many businesses reduce advertising and promotional expenditures rather than slash fixed costs during hard times. However, studies have shown that those maintaining or increasing ad outlays during slow-downs wind up outselling rivals who cut back.

Savvy marketers can boost sales and market share, even if the industry in which they compete is in a slump, by focusing on short-term tactical techniques such as sales and price promotions (including cents-off coupons and rebates), and tailoring advertising in response to the shaky economic climate.

13. Another mistake during recessionary times is to reduce training budgets. Training can best be conducted during slack periods, especially low-cost, on-the-job instruction and broadened skill acquisition. Also, local community colleges offer a number of free classes that teach and upgrade trade and office skills and supervision techniques.

14. Get employees involved in policy choices as well as tactics and implementation, asking, for example, if costs can be cut 15 percent without layoffs. If layoffs or a significant reduction in work hours are unavoidable, let employees take a lead role in designing the program. Shortened hours, job reassignments, job sharing and other alternatives may surface.

Meet with staff regularly to exchange ideas on boosting productivity and other issues. Create an incentive for good suggestions and foster a team spirit for survival.

Remember that employees need to feel they are important to your company, and that their work is challenging them up to their full capabilities. "Do what I tell you" management styles need to be replaced, because small businesses whose owner or managers are "the whole show" can definitely benefit by encouraging workers on all levels to contribute their expertise instead of just following orders. This is especially true during lean times when challenges to business success are greatest.

While economic downturns are admittedly difficult, and increase the obstacles small businesses face while trying to survive and grow, it is

not axiomatic that companies have to slash earnings and compress market share. That recourse befalls firms that take too long to realize what must be done, or which resist change. Resourceful entrepreneurs capture the available

opportunities, and take steps during today's hard times to lay the groundwork for tomorrow's prosperity.

<http://www.sba.gov/gopher/Business-Development/Success-Series/Vol4/tips.txt> **VF**

Networking Event

Join the Venture Forum for the first of four exciting networking events!

Space is limited to the first 50 registrants, so sign up today!

Date: Thursday, October 18, 2001

Time: 6 – 8 pm

**Place: Wachusett Brewing Company
175 State Road East
Westminster, MA 01473
978-874-9965**

Visit www.wachusettbrew.com for directions.

Cost: No charge!

RSVP by Monday, October 15.

Send an email to Gina Betti at gbetti@wpi.edu with
RSVP: Wachusett in the subject line.

Or call her at 508-831-5075 if you have questions.

Beer, root beer and appetizers will be served.

Mark your calendar – you don't want to miss this networking opportunity!

Are you an enterprising individual?

An enterprising individual has a positive, flexible and adaptable disposition towards change, seeing it as normal, and as an opportunity rather than a problem. To see change in this way, an enterprising individual has a security, born of self-confidence, and is at ease when dealing with insecurity, risks, difficulty and the unknown. An enterprising individual has the capacity to initiate creative ideas and develop and implement them in a determined manner. An enterprising individual is able, even eager, to take responsibility and is an effective communicator, negotiator, influencer, planner and organizer. An enterprising individual is active, confident, purposeful, not passive, uncertain and dependent.

The following list describes entrepreneurial or enterprising attributes:

- Initiative
- Strong persuasive powers

- Moderate rather than high risk-taking
- Flexibility
- Creativity
- Independence/autonomy
- Problem-solving ability
- Need for achievement
- Imagination
- High belief in control of one's own destiny
- Leadership
- Hard work

How do you measure up?

Excerpt from *Understanding Enterprise, Entrepreneurship, & Small Business* by Simon Bridge, Ken O'Neill, Ken and Stan Cromie, MacMillan Press LTD, 1998, 25-27.

This information can also be found at the Small Business Advancement Center (SBANC) site: <http://www.sbaer.uca.edu/> **VF**

ADVERTISING OPTIONS

1/12 page – \$45.00 p/m

1/6 page horizontal – \$75.00 p/m

1/6 page vertical \$75.00 p/m

1/4 page horizontal – \$115.00 p/m

1/4 page vertical – \$115.00 p/m

1/3 page square – \$145.00 p/m

1/3 page vertical – \$145.00 p/m

1/2 page – \$220.00 p/m

Full page – \$400.00 p/m

Material is due the 1st day of the month preceding publication, e.g. October 1 for the November issue. For more information, contact the WPI Venture Forum, 508-831-5075.

Boston Entrepreneurs' Network Meeting Announcement

IEEE Entrepreneurs' Network

The Institute Of Electrical And Electronics Engineers, Inc.

For Information Contact:

<http://www.boston-enet.org>

"Where Is The Money"

Tuesday, October 2, 2001

5:15 PM Pre-meeting Dinner - Bertucci's Restaurant, 475 Winter St., (exit 27B off Route 128), Waltham, MA ("pay-as-you-go")

7:00 PM Meeting Presentation - Prospect Hill Cafe, 9 Hillside Ave., Waltham, MA (\$15.00 fee, non ENET members)

No reservations are necessary for either the meeting or dinner

Meeting Overview

Tonight we highlight this meeting with women venture capitalists, angels, and entrepreneurs to talk about the types of investment deals being done in today's weakened investment and business climates. They will guide the audience who seeks to raise money to understand what is important to investors now and appeal to them on that basis. Our panelists will address issues of valuation, provide insight about investor perspectives, talk about due diligence, how to position your company to be

attractive, and identify critical milestones to gain entree to the capital market providers. They will identify where investments are being made and why and share their opinions on what the capital markets may look like in the next year.

Meeting Organizer

Larry Grumer, *Managing Director, Technology Associates & Alliances (TAA)*. For more information call 617-325-9852.

Panel

Sheryl Marshall, *Founding Partner, Axxon*

Lucinda Linde, *Managing Director, First Light Capital*

Jill Card, *President and CTO, IBEX Process Technology, Inc.*

Moderator

Lorin Scott, *Manager, Deloitte & Touche Tech-Venture Center.*

WPI Venture Forum

100 Institute Road, Worcester, MA 01609-2280

Phone 508-831-5075 Fax 508-831-5720

www.wpiventureforum.org

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2001-2002 Membership Application

Please check (✓) all classifications applicable to you.

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| <input type="checkbox"/> Entrepreneur | <input type="checkbox"/> Service Provider |
| <input type="checkbox"/> Capital Investor | <input type="checkbox"/> WPI Alumni |
| <input type="checkbox"/> Student, WPI | <input type="checkbox"/> WPI Employee |

- Please do not include any information in this box in the membership directory.
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Classifications ✓ above determine section placements in directory.

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Send email meeting reminders to: _____
Receive informative emails, web and recorded message access, and free support services from the WPI Department of Managements Collaborative for Entrepreneurship and Innovation.

Individual Membership:

- Annual: \$ 35 for half-priced admittance to 10 meetings, 10 newsletters, event discounts
 Discounted: \$ 100 for 10 free meetings, 10 newsletters, event discounts, a \$35 savings
 Lifetime: \$ 300 for half-priced admittance to future meetings, 10 newsletters, event discounts

Corporate Membership:

- Annual: \$ 350 for 10 individual annual memberships
 Discounted: \$ 1000 for 10 individual discounted memberships

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Signature: _____