

## **WPI Venture Forum**

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

**September 15, 1998** – Starting Your Business

**October 20, 1998** – You Built It - Will They Buy It?

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 Venture

# VENTURE FORUM NEWS

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

Volume 8 No. 1  
September 1998

## Starting Your Business

*A look at the upcoming meeting*

Tuesday, September 15, 1998

WPI Campus, Salisbury Labs

Registration: 6:00pm

Meeting Begins: 6:30pm

Admission Fee: \$5.00 members

\$10.00 non members

**E**ach September the WPI Venture Forum invites a seasoned, successful entrepreneur to tell the real-life story of their start up — the road traveled, the ups, the downs, what worked, what didn't, what it really took to be successful. This year we are indeed fortunate to have Robert W. Bean, President and CEO of Baystate Technologies and his wife Karen, as our featured speakers.

Bob and Karen co-founded Baystate Technologies, Inc. in 1989. According to Bob, Karen is truly an active partner in Baystate. Not only was she an active participant in the founding of Baystate, she has also been very instrumental in the key decisions Baystate has faced as they expand their business through acquisitions.

Bob is a certified professional engineer and holds a Bachelors and a Masters Degree in Mechanical Engineering from Worcester Polytechnic Institute (WPI). Karen earned her undergraduate degree in health sciences and holds a Masters in Business Administration from WPI. She is Baystate's Chief Operating Officer.

### Product

Baystate Technologies develops, manufactures, and markets Computer-Aided Design (CAD) software for personal computers. The very popular CAD program, CADKEY, is Baystate Technologies' flagship product. CADKEY is one of the most widely used and highly acclaimed professional software programs available today. Over 260,000 copies have been shipped worldwide.

The company manages its product development, sales and marketing activities from its corporate headquarters in Marlborough, MA. In July 1998, the company reported estimated fiscal year sales of \$7.3 million. The company received a prestigious listing in Software Magazine's "The Software 500 Financial Ranking", which is an annual listing of the world's largest software providers.

### Strategic Relations

Baystate's products are sold and supported by more than 100 authorized dealers and distribu-



*Karen and Bob Bean of Baystate Technologies, Inc.*

tors throughout the U.S. and Canada, and by a network of international distributors in over 40 countries. Bob feels strongly that strategic relationships are paramount to Baystate's

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## Welcome Back!

## 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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*Letter From The Chair*

# Welcome New Members!

*By Brian Dingman, Chair*

The WPI Venture Forum welcomes you to our ninth season of technology-based business education, networking programs and information. As in past years, we will present our ten monthly meetings, usually on the third Tuesday of every month, September-June, from 6-9 p.m. The main topic and date of each particular meeting is listed on the back cover of this newsletter and the details of this month's meeting are the subject of the cover story. Also, please look for our other programs later this season, including the business plan workshop, the business plan contest and the Mentor's dinner. You will see lots more on those programs in later newsletter issues.

This newsletter is also a "program" of the Venture Forum. The ten monthly newsletter issues are timed to also act as monthly meeting announcements and previews. Each newsletter issue includes a number of substantive articles on topics of interest to technology-based business professionals and entrepreneurs. Each newsletter also includes information concerning our many sponsor companies.

Our most widely disseminated and "attended" program is our weekly radio show, Saturdays from 5-7 p.m. on AM580 WTAG, Worcester. The show features guests with experience in business and entrepreneurial activities. Please tune in every week and call us with your comments during the show.

As a non-profit association, we depend on two sources of income for our operating expenses. Our Sponsors contribute a substantial amount of money and resources, which enables us to publish this newsletter and run our programs. Our Sponsors are each truly great friends of the WPI Venture Forum and great supporters of technology business and technology entrepreneurial activity. For all of this, we are grateful to them.

The second primary source of income is through member contributions. We have established a \$20 annual fee for membership in the WPI Venture Forum. The benefits of membership are substantial; besides being an official part of a well-known, well-respected technology business organization, members receive all issues of this newsletter and substantial discounts to all Venture Forum programs. We urge you all to join

the Venture Forum today. You may do so by filling out and returning the form on the cover of this publication along with your payment. We also plan on having membership sign-up tables at our events, beginning with the September monthly meeting. If you don't have a chance to return the membership form before the meeting, please bring your \$20 and join then.

I look forward to seeing you at our programs this year.



*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*



## CALENDAR OF EVENTS 1998 - 1999

**September 15, 1998** - Starting Your Business

**October 20, 1998** - You Built It - Will They Buy It?

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

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

**January 19, 1999** - Up-Front "Exit" Strategies - The Journey's Summit

**February 16, 1999** - Growing Pains - Building Your Company

**March 16, 1999** - Creating A Corporate Image

**April 20, 1999** - Finding The Funds

**May 18, 1999** - Getting Real Customers To Pay Real Money For Your Product

**June 15, 1999** - Business Plan Contest

# Internet Not Immune to Trademark

by Joseph Landiorio, Patent Attorney

Cardservice International provides credit and debit card processing and processes billions of dollars in transactions annually. It has registered the trademark CARDSERVICE INTERNATIONAL®. McGee, through his sole proprietorship WRM & Associates, has also provided credit and debit card services. Without the knowledge or permission of Cardservice International, McGee registered the Internet domain name cardservice.com with Network Solutions, Inc., the company responsible for regulating use of domain names on the Internet. When contacted by Cardservice International, McGee refused to relinquish cardservice.com or to cease use of the Card Service on the Internet. When Cardservice International expanded its services onto the Internet it was forced to use the domain name cardsvc.com, and so it brought suit against McGee for trademark infringement.

## Cannot Trump Federal Law

McGee has argued that because he registered the domain name cardservice.com with Network Solutions, he is entitled to the domain name. McGee cites Network Solution's policy of granting domain names on a first-come first-serve basis. However, the court pointed out that such a policy cannot trump federal law. Holders of valid trademarks under federal law are not subject to company policy nor can the rights of those trademark holders be changed without Congressional actions.

Domain names present a unique circumstance when determining the likelihood of confusion caused by possible trademark violations. Traditionally, trademark disputes involve two or more parties using the same or similar mark. With regard to domain names, however, only one party can hold any particular domain name. Who has access to that domain name is made even more important by the fact that there is nothing on the Internet equivalent to a phone book or directory assistance. A customer who is unsure about a company's domain name will often guess that the domain name is also the company's name. For this reason a domain name mirroring a corporate name may be a valuable corporate asset, as it facilitates com-

munication with the customer base. Thus a domain name is more than a mere Internet address; it also identifies the Internet site to those who reach it, much as a person's name identifies a particular person or, more relevant to trademark disputes, a company's name identifies a specific company.

## Lanham Act

The fact that Cardservice has been awarded a trademark registration means that it should not be forced to compete with others who would also use the words Cardservice. The terms of the Lanham Act do not limit themselves in any way which would preclude application of federal trademark law to the Internet. Unauthorized use of a domain name which includes a protected trademark to engage in commercial activity over the Internet constitutes use in commerce.

Accordingly, the court finds that McGee's use of cardservice.com constitutes trademark infringement in violation of the Lanham Act and that Cardservice is entitled to a permanent injunction against such use. *Cardservice International Inc. v. McGee*, 42 USPQ2d 1850 (ED Va.).

*Used with permission from Decisions & Developments, November 1997, volume 18, number 6, a publication of Joseph Landiorio, Patent Attorney. He is a partner in the intellectual property law firm of Landiorio & Teska in Waltham, Massachusetts. Joe can be reached at 781-890-5678. VF*

# The Science of Sales

by Brian Dingman, Niels, Lemack and Dingman

The May monthly meeting of the WPI Venture Forum featured a talk on "The Science of Sales" by Mr. Barry Clapp, the President of The Source Recovery Company, LLC, in Framingham, Massachusetts. Barry is also a principal in Business Developers which helps early stage companies set strategy, obtain capitalization and grow. In fact, Source Recovery was initially a client of Business Developers. Barry has over 20 years experience in the areas of sales, sales management and general management.

Barry realized as a student and salesman, that he was never taught how to sell. During years of experience in technology products sales, Barry came to understand the sales process. Sales, Barry believes, is a defined, understandable, manageable process. Barry's talk was geared primarily for management personnel who work with or manage sales.

## Series Of Steps

Every sale, regardless of the product or service, moves through a series of steps which can be defined, watched and managed. Every step must be followed for a successful sale. Those steps are:

- Establish rapport with the customer
- Determine the customer interest in the product
- Define the customer's need
- Determine concurrence between the need and the product
- Present the product
- Prove the concurrence
- Justify the cost

- Close the order
- Support the sale and product

## Sales Cycle

In the macro view, the sales cycle can be distilled to five steps:

1. **Finding prospects** - The role of the marketing group in an organization is to deliver prospects as far as possible along the series of nine steps detailed above. Consider how the marketing and advertising organizations of major automobile manufacturers deliver customers, who have completed the first four steps mentioned above, to the dealers.
2. **Qualify the prospects** - Know the customer's budget and make sure that the prospect understands the product and its uses. Remember that after "yes" the second best answer from a prospect is "no"; this allows you to move on to the next qualified prospect, as well as analyze the reasons for the "no" answer. This will improve the sales process and thus results for the future.
3. **Show and Tell** - A sales call is exactly like the entire process.
4. **Make a proposal.**
5. **Close the sale.**



Barry Clapp explains the science of sales.

## Write It Down

Sales managers should thoroughly understand and reduce to writing the sales cycle for their particular business. The manager needs to observe the results and modify the cycle as needed. The manager should develop appropriate statistical measurements of the sales process and then measure it. For example, through experience the manager should know the number of prospects which become customers, the number of potentials which move between each stage of the process and the average time for a customer to move between each stage of the process. With this knowledge, it is a simple matter to determine the number of leads per month which are necessary in order to meet sales projections, as well as the quantity of prospects needed at each stage of the process in order to meet projections. At any time, the numbers of each potential customer at each stage of the process can be measured and compared to the model. The manager will then be able to determine in advance whether goals will be reached and the measures necessary in order to reach the goals.



*Dennis Guberski of Biomedical Research Models, Inc.*

## **Case Presentation**

Dennis L. Guberski, CEO  
Biomedical Research Models, Inc.  
12 Nancy Drive  
Rutland, MA 01543

Mr. Dennis Guberski and two others established Biomedical Research Models, Inc. in late 1996, to pursue an opportunity to develop, produce and distribute animal models to pharmaceutical companies. Dennis is an expert in producing rats that are animal models for type I diabetes, which is primarily a children's disease. The rats develop complications of the disease including blindness, kidney failure, pain, impotence and incontinence. The rats are used to help understand the causes of the disease, serve as the basis for drug development and eventual human testing.

## **Market Size**

Currently, 16 million people have diabetes and spend \$2 billion on medications annually to treat the disease. Overall, diabetes has an annual economic impact of \$60 billion. The company is currently developing animal models for other types of diabetes, AIDS research and for antibody production.

The company has needs for key management (CEO and CFO) and scientific personnel, as well as funding for such personnel, a vivarium to

raise the animals, a wet lab and office space in Central Massachusetts. The company expects income from SBIR grants, animal sales and pharmaceutical testing. Sales are projected at 1.6 million in 1998.

## **Panel Comments**

The three panelists had an earlier opportunity to study the company's business plan and discuss it with Mr. Guberski. The panelists included Barry Clapp, Kevin Connors of the Spray Venture Fund and Joseph D. Pellegrino of BankBoston.

The panelists discussed at length the criteria for investment by institutional venture capitalists and other sources such as angel investors and banks. Institutional venture capitalists are looking for return on investment only. The rule of thumb for technology-based, early stage com-

panies, is a return of ten times the investment in five years, which is equivalent to a 50% annual return. This high rate of return is necessary for

the fund as a whole, because a 25% annual return is expected by the funds' investors. The number of investments which do not meet the 50% target need to be covered. Venture capitalists' interest is mostly in long term capital gain.

## **VC Criteria**

Venture capitalists are looking for companies which meet the following criteria: presence in a large, growing market, proprietary technology, lead time over competitors and an experienced management team — not necessarily in that order. The management team can be built and enhanced through networks of the company Directors.

## **Banks**

Banks will also look at the company's financial condition, their ability to collateralize the loan, the predictability of revenue streams and detailed financials for at least the next year. Even if the company can't at this time meet such criteria, it should establish and maintain a good relationship with their banker and make sure they are apprised of developments.

*Brian Dingman is a partner in the intellectual law firm, Niels, Lemack and Dingman. Brian can be reached at 508-898-1818, or at e-mail, NLDlaw@aol.com. VF*

# BUSINESS BASICS

## The Venture Forum HELP Desk

by Norman Brust

**H**ave a question about your business? Would you like to share your expertise by answering business questions? The Venture Forum HELP Desk offers entrepreneurs an opportunity to request advice or even to offer suggestions on how to deal with difficult business problems. Please e-mail new requests or suggested solutions to [ntbrust@ultranet.com](mailto:ntbrust@ultranet.com).

Here are this month's questions:

### Patent Infringement

We are a bootstrapped start-up with several issued patents on laproscopic surgical instruments. We suspect that a well financed competitor is infringing on several of our claims. How can we economically verify our suspicions? If our patents are being infringed upon, what is the best strategy to get compensated for past infringement and to ensure no future infringement?

*M.S., Needham, MA*

### Exporting

As a manufacturer of souvenir jewelry, our domestic business is very seasonal. We would like to explore the possibility of developing a demand during our slow season by exporting to the Southern Hemisphere. What would be the best way to determine if there is an overseas demand for our products?

*J.A., Attleborough, MA*

### Standard Products

We have specialized in the design and building of custom automatic assembly equipment for over twenty years. Each product is a new design and is bid on a fixed price basis. This is a high-risk way of doing business and has caused us serious financial problems on several occasions. How can we go about identifying, developing and marketing a standard product that would be consistent with our capabilities and be of interest to our customers?

*D.D., Brookfield, CT*

See the answers in the next WPI Venture Forum Newsletter. **VF**

### ADVERTISING OPTIONS

- 1/12 page (2 3/8" x 2 3/8")
- 1/6 page horizontal (4 7/8" x 2 3/8")
- 1/6 page vertical (2 3/8" x 4 3/4")
- 1/4 page horizontal (7 1/2" x 2 3/8")
- 1/4 page vertical (2 3/8" x 7 1/4")
- 1/3 page square (4 7/8" x 4 3/4")
- 1/3 page vertical (2 3/8" x 9 3/4")
- 1/2 page (7 1/2" x 4 3/4")
- Full page (7 1/2" x 10 1/4")

Call for information on pricing and multi-issue discounts. Material is due the 1st day of the month preceding publication, e.g. October 1 for the November issue. For more information, contact Richard Gaudette at (508) 752-5691.

## Independent Contractor or Employee?

**F**or Federal tax purposes, this is an important distinction. Worker classification affects how you pay your Federal Income tax, Social Security and Medicare taxes, and how you file your return. Classification affects your eligibility for benefits and your tax responsibilities.

A worker is either an independent contractor or an employee. The classification is determined by relevant facts that fall into three main categories: behavioral control, financial control, and relationship of the parties. In each case, it is very important to consider all the facts - no single fact provides the answer. Publication 1779, *Independent Contractor or Employee*, has the detailed information about these facts.

### The Difference

An independent contractor usually maintains an office and staff, advertises and has a financial investment risk. An independent contractor files a Schedule C and is able to deduct certain expenses that an employee could not.

Generally, an employee is controlled by an employer in ways that a true independent contractor is not. If the employer has the legal right to control the detail of how the services are performed, the worker is an employee, not an independent contractor.

### Lost Benefits

Those who should be classified as employees, but aren't, may lose out on Social Security benefits, worker's compensation, unemployment benefits and, in many cases, group insurance (including life and health), and retirement benefits.

If you are not sure about the differences between an independent contractor or employee, get Form SS-8, *Determination of Employee Work Status for Purposes of Federal Employment Taxes and Income Tax Withholding*. It is easy to download from the Internet at: [www.ustreas.gov](http://www.ustreas.gov) or get a free copy by calling the IRS at 800-829-3676. **VF**

# Is It Time To Fire Your "Toxic Customers"?

by Dave Rothfeld, Creative Sales + Management, Inc.

Before you say, "Huh?, why in the world would I want to fire my customers? I'm in the business to be of service to my customers. Without them, I'm history."

Maybe so, but think about it. Don't you have customers that you can never really satisfy, regardless of how hard you try? Customers who are rude, abusive, with unrealistic demands? Customers who argue every invoice? Constantly re-negotiate the terms of your services? Customers who may be hazardous to the health of your business?

Some of my clients actually refer to them as "toxic customers." I prefer referring to them as C.F.H.'s (Customers From Hell). Either way, it's time to seriously evaluate your customer base with an eye towards weeding out those customers you simply can't afford to do business with, and replace them with more who look like your best customers.

Here are some important factors to consider:

## Commitment

Is the customer *committed* to an ongoing relationship with you to resolve their "pains"? Do they accept that 1) It's going to take an investment on their part? 2) It won't happen overnight, 3) There's always some degree of risk that they may not improve, 4) That in the beginning there may be some small set backs, and most important, 5) That they may have to change the way they operate today and that change is never painless. Are they committed?

## Money Talks

To determine profitability, take a hard look at the customer's ability to pay you for your services and how quickly they pay.

## A Matter Of Time

How much time it takes to serve the customer should be considered along with their ability or willingness to pay for the time they demand.

## Growing Pains

Perhaps the biggest drawback to retaining toxic customers is that they take time away from attracting a better class of business. It's a matter of defining who you are and where you want to be. From there, you can determine who you want to do business with. I must admit that in the

beginning I took everything I could get. Now, I can be far more selective. I prefer to concentrate on clients who want a full range of services; if I take on piecemeal projects, I get bogged down in busy work that leaves little time and energy to focus on the business that I really want. Whenever possible, I try to refer those clients I can't service today to associates who can.

## Can You Say No?

For many independents, it's not realistic to just drop a customer cold, no matter how often we mumble about doing that under our breath. You may have invested a lot of time and effort in that customer and you may not have work to replace it right away. The near term answer may be as simple as raising your fees to a level that matches the customers demand.

## A Gentle Good-bye

Sometimes easier to say than to do. Animosity should have no place in ending a professional relationship. Ideally the customer should view the parting as a mutual decision. Never let a customer know that you don't want their business; it's better to convince them that you're acting in their best interests, and why they would be better off with someone else.

## Make A Graceful Exit

Have a reason. Two examples: 1) Your services are too costly for the customers needs, 2) Their requirements don't fall into your area of specialty.

## Don't Disappear

Give them plenty of advance notice before terminating the relationship.

## Drop A Lifeline

Offer to refer to someone interested in working with them.

*This article appears with permission from the March/April 1998 issue of Focus On Sales (Volume 13, Number 2) a bi-monthly publication of Creative Sales + Management, Inc. CS+M, located in Natick, Massachusetts, offers customized programs to address corporate marketing support and in-house training requirements. CS+M acts as a training and consulting firm to help professionals develop the skills necessary to enhance their business and increase their market share. Dave Rothfeld is President and can be reached at 508-655-9444, dave@csm4tqs.com or visit his Web site at www.csm4tqs.com. VF*

# Reference Checking

by Richard Dacri, President, Dacri & Associates

When it comes to getting good information about job candidates, human resource professionals find themselves in a dilemma. Employers want accurate information about potential hires, but few are willing to risk defamation charges and other legal entanglements to provide more useful details about former workers, according to a Society for Human Resource Management (SHRM) Reference Checking Survey.

SHRM reports that although employers want reliable information, 63% of the respondents have refused to provide information about a former employee for fear of a lawsuit. The end result is that employers are skeptical about the information that they receive about prospective employees and in some cases do not bother to check references on candidates.

## Privileged Process

Massachusetts' courts have ruled that the reference process is privileged. Courts have stated that supplying honest reference information is usually in the best interest of society and is therefore encouraged. An employer merely cannot make negative statements solely for the purpose of injuring the employee.

## Hold Harmless

So what should the employer do? One option is to require all applicants to sign a "reference authorization waiver and hold harmless form". The form should clearly state the information that is being divulged, release the employer requesting information as well as the previous employer from liability and be signed by the job applicant.

The form should then be sent to the former employer for completion. Employers are more inclined to provide quality references when they receive these hold harmless forms.

*Reprinted with permission from the Dacri Report, Your Human Resource Update, February 1996, Volume 2.2. Dacri & Associates, located in Westboro, Massachusetts, specializes in Human Resource Management services. Richard can be reached at 508-366-7833 or e-mail at Dacriassoc@aol.com. VF*



## Starting Your Business

Continued from front page

success. Recognizing the need for specific vertical market applications, the company encourages Solution Partner development.

Prior to founding Baystate, Bob was a project engineer/instructor at WPI's Manufacturing Engineering Applications Center (MEAC), which contracted with local businesses to solve real-world engineering problems. In 1987, he began development of DRAFT-PAK, a mechanical productivity software program and Baystate's initial product. DRAFT-PAK was the first product of its kind to combine ease of use with innovative and practical mechanical productivity enhancements specifically for the PC-based CAD market.

### Awards

Bob has spent the past 10 years working in the mechanical engineering and design field, focusing on practical industry applications that improve productivity. He received the "VISIONS 2000 Enterprise Award" in 1992 and recently received the "Ichabod Washburn Young Alumni Award" for Professional Achievement from the Alumni Association of Worcester Polytechnic Institute (WPI). The Washburn Award is among the Alumni Association's most prestigious awards and has only been given to 43 recipients from a body of 24,000 alumni.

Come join us on Tuesday, September 15th for this memorable event. It will be an excellent opportunity to learn what it takes to start and grow a successful company.

### Case Presentation

Ed Grenda, President  
Jim Hertenstein, VP Marketing & Sales  
AutoFab Systems, Inc.  
Arlington, MA

The business section of the newspaper occasionally dazzles us with exciting headlines about companies that had a successful IPO or were acquired within months of being founded. But if you dig a bit deeper, you will probably learn that these companies are few and far between. By far, most companies, and even the few early "success stories", have taken years of initial detailed planning just to get off the ground, let alone getting to the point of cashing out. Our case presentation this month is a company that has been persistent for some time and has been able to listen to their market needs to tailor their plan to help ensure

success. *Perseverance* and *Flexibility* are keys to any young company's success.

### Starting A Company

September's case company is one that should interest all those that are planning to start a company, as well as for those who are well down the path after establishing their business. AutoFab Systems, Inc., was established two years ago to explore the quickly growing engineering area of Rapid Prototyping. Typically, a three dimensional model is designed using CAD on a computer and a prototyping machine "builds" the model-part automatically. AutoFab Systems, a zero-stage company, has developed a unique and proprietary technology to build three dimensional objects. This technology, termed 3D Laser Printing, is a straightforward extension of existing 2D laser printing. The process can fabricate intricate 3D objects, with detail features between 0.002 and 0.004 inches (50 to 100 microns). The company believes there may be significant applications for 3D Laser Printing in several different fields, including Rapid Prototyping, Tissue Engineering, Short Run Manufacturing, and others.

The equipment to perform this process is large, expensive, slow and uses toxic materials. AutoFab has come up with a method that uses desktop printer technology to perform the same tasks in an office environment at much lower cost.

### Impressive Team

The company has assembled an impressive team of entrepreneurs, engineers and marketing people to launch the company. During the past two years, they have performed extensive market tests and competitive studies, built prototypes and have demonstrated the operation. They have done all this by bootstrapping and they are at the point now where they need to raise money to move forward into the market.

AutoFab is targeting their initial product to enter the market at half the price of the next lowest priced competitor. They have accumulated intellectual property rights, developed trade secrets and have established control of the raw materials used in the process. Once financed, they have a detailed plan to reach commercialization in a minimum amount of time. AutoFab

is planning a direct sales approach, but is also exploring other channels. The founders are also building a base of possible strategic partners and close supplier alliances for security.

At the September 15th meeting of the WPI Venture Forum, AutoFab's founders will describe the formation of the company and its search for capital and other resources. Of particular interest will be the firm's interactions with potential strategic partners and the possibility of major new applications for its technology.

### Financing Needs

AutoFab is seeking a small amount of seed money to be followed by a more substantial amount of financing once milestones are met. A positive cash flow is anticipated within three years with sales growing to \$50 million in five years. After their presentation, a panel of three experts will critique the company's business plan and presentation. Areas of concern include the financing of the company, the strategy to lead to successful partnerships and the sales channels that will best achieve their goals.

### Other Questions

- How can a zero-stage enterprise accelerate a development process with few resources?
- How do you sustain the enthusiasm of the founding team during a protracted search for funding?
- When (and how) do you abandon the original business premise for another alternative?

Please join us at the September meeting to meet the founders of this exciting new company! **VF**

# Objectivity: A Powerful Tool for Growth

by Floranne Reagan, EXXEL, Inc.

Now that you are the president, or one of the key principals running your company, you need to be aware of the power of objectivity. The more senior you are in an organization, the less honest, the less frequent is the feedback you get on your own performance. Unless you are self-satisfied, unless everything is going well with your company and you are meeting all your business goals, you need to have some resources in your professional life that challenge your view of yourself, your behavior, your interpretation of “facts”. And even if you are achieving all your goals, beware complacency. If you are not growing, changing, maturing, or goaded in ways that are helping you develop, you are at best standing still and at worse, failing to keep pace with rising standards of excellence.

As an entrepreneur or manager, you must shift gears frequently during the course of a day.

The continuum of topics that requires your attention is wide and diverse. Issues facing you are often ones without clear answers, leaving you with a high level of ambiguity, a mental place in which most people with a technical orientation are uncomfortable.

Another element of the senior role is the demand to be all things to all people, which is enormously draining. Employees and others expect you to be a leader at all times... sure, confident, knowing, optimistic, decisive and unflappable.

So, where do you turn for an objective assessment or “sanity check”? What is objectivity anyway, and why is it important? One good definition of objectivity is *something uninfluenced by emotions or personal prejudices. It is based on observable phenomena and presented factually*. An objective assessment is free from favoritism, self interest, or bias in judgement. Such data is fair, just, equitable, impartial and dispassionate. Putting so many qualifiers on this type of feedback underscores why objective information is so difficult to get, and why it is so valuable, and essential to find.

Objectivity can provide new information and often leads to fresh insights or solutions. Real feedback helps us operate at our best. It strips away the illusions and delusions that we often have about ourselves and our impact on people and things.

But, objectivity for business owners or senior management typically is not readily available. There are many reasons why.

- Most people don't know how to speak honestly and tactfully. They haven't been taught how to do so. They haven't had models to emulate. Further, they don't have the skills to assess specifically, and communicate clearly, what you are doing, or not doing, so you have a clear picture of where you stand and how you could operate differently.
- At senior levels, performance discussions (if they are done at all) become rote. They are often a carbon copy of last year's appraisal.
- Most colleagues are too close to you; some may have grown up with you. It is a real art to

be both a friend and an objective resource. This is a skill set few possess.

- Now that you are the boss no one wants to offend you. So, no one comes forth with useful, candid information.
- Employees are afraid and self-protection is apparent.
- Sometimes unhealthy competition is evident and peers may actually want you to fail.
- People believe that their pay adjustments, bonuses, or even their employment depends on keeping you happy. So, they fear antagonizing you.

You say, *Okay, okay, I know I need objective advice some times, but where do I get it?* The following resources and practices should give you some ideas of where to turn.

- Your company may have an **insider/outsider** who is up to the challenge. An insider/outsider is an employee who has worked for other firms, preferably in another industry. The key is that they have other experiences to share that are beyond your own, and a maturity to assess your actions and communicate useful observations. The best candidates are individuals with a level of self confidence that doesn't revolve around your approval. These are *not yes people!*
- You deal with **outside professionals** that may fit your needs. If they have enough knowledge of your company and a good sense of your style, financial advisors, attorneys or management consultants may have the talent to offer you more than their technical skills or business acumen. Some might become mentors.
- Many companies have a **Board of Directors** primarily comprised of employees. Not terribly useful for objectivity! If you have carefully chosen outside directors, and enough of them, there is the opportunity for quality input to your search for growth. But, you must make the effort to seek out one or more of these business leaders for their ideas, opinions, and observations. ►

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## Objectivity

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- Some companies have **advisory boards** that are entirely external professionals. They tend to impose a real discipline on your compilation and presentation of company information. Often, because they are paid only a stipend, their real commitment is to you and your success. So their feedback is caring, growth producing and targeted. Again, if they have the correct skill set, advisory board members can offer important objectivity.
- Having a quality **performance appraisal** process is a good tool for personal and professional growth. One possible approach is to have each of the senior managers complete a balanced and honest review of the other managers. These evaluations are sent to a consultant who compiles the information and facilitates a conversation among the senior group. They discuss specifically: what works, what needs to be improved, and what gets in the way of teamwork. This is all in the context of how each assessment affects company performance and individual growth.
- If your quest is for truth, one valuable practice you can institute and reinforce is an organization-wide acceptance of **constructive confrontation**. To have such a company there cannot be reprisals if people offer honest criticism. Employees should never be cut off at the knees for daring to disagree or appropriately speak out on a matter. Rather, they must be encouraged to be problem identifiers *and* problem solvers.
- **Business partners** can be a source of important communication and insight, an outcome of which can be synergy in the workplace.
- **Colleagues and business friends** from other companies or outside your industry, can be enormously useful as objective yardsticks. They can provide specifics on actions they or others have taken in similar situations as you are facing. Also, they can be a valuable sounding board for new ideas, getting suggestions, and providing general support when you are feeling depleted and overwhelmed.
- Many **technical and professional associations** sponsor business roundtable discussions that allow you to listen in, and participate on topics of interest to you and your company. While not as useful as targeted conversations with people who know you, they still provide a measure of new information and techniques. Anything that adds to your personal knowledge is worthwhile.
- An increasing number of business leaders are turning to **executive coaches** for professional growth. Such arrangements, when they occur between qualified consultants and motivated executives, provide private, individualized learning and help achieve positive business results. The executive coach must have solid business credentials, in addition to strong consulting skills around individual development. Their role is similar to a personal trainer. That is, the executive coach assesses how you are performing, listens to your goals and needs, and challenges you to reach them through a plan of progressive improvement.

In summary, be sure that you are not so caught up in the day-to-day business issues that you forget about your own growth and performance. Review your options for quality feedback. Remember that no one person, or resource is experienced or expert at everything. Not everyone has the same capacity for observation and effective communication, so have a few confidants. It is important as a business leader to step outside yourself.

Use objectivity as an important tool. It will greatly enhance your personal growth and as **the** key person, you set the tone for your company, inside and outside. Objectivity can help you achieve the level of excellence you desire.

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# 10 Commandments of Public Relations

by Shari L.S. Worthington, President, Cirrus Technology

The success of your company's public relations program can make or break your company, especially in the early stages of a venture. A great software review in PC Magazine, for instance, can bring in thousands of new leads and hundreds of new customers, all for the cost of a few carefully planned phone calls.

The best PR programs consist of regularly scheduled press releases (announcing new products, business deals, or technologies), visits with the most important editors in your market, arrangements for product reviews by magazine editors, and placement of customer success stories in industry magazines and journals.

Before you jump in, though, make sure you know what your doing. Today's magazine, journal, and newspaper editors (whether paper or online publications) are busier than ever. First impressions are very important so, above all, don't waste an editor's time. Instead, work on developing a relationship with the top editors in your market. Provide them with industry news, interesting technology information, and new product announcements that will be of interest to their readers.

While this may sound like a lot of work, it's worth the effort. A good review/mention in an article written by an unbiased technical editor can buy you more credibility with potential customers than all the advertising your budget can muster.

Start with these Top 10 PR tips and you'll be on your way to a successful PR program.

1. Successful PR requires time, planning, and constant reinforcement, but only cover newsworthy items of interest that are happening in your business.
  2. You MUST know how to write — learn from a professional or hire someone who has experience writing press releases.
    - Make no unsubstantiated claims in releases — just state the facts (that you want to have in print).
    - Be brief and provide a summary of the release in the first paragraph so that it can be judged quickly.
    - Use almost no adjectives and definitely no “sell” adjectives (good, great, beautiful, wonderful).
    - Tell as many facts as possible. Let the journal edit your release. When in doubt, include too many facts.
    - Never advertise a product before you send the press release; editors cover the latest and greatest new products; if it's already been advertised, then it's old hat and won't be picked up in new product announcements. Also, remember the timing of publishing and do not send out releases a week or so before promotion takes place, expecting it to be run in time. Do not send too many releases at one time and then complain that the publication did not select the “most important.” Space out releases by at least a few weeks.
  3. Always approach PR from the intermediary's point of view. Editors are interested in the latest news and must maintain their independence.
  4. Don't try to CON the press — it'll backfire sooner or later. Always be honest and don't waste their time with irrelevant subjects.
  5. If someone has attacked you, weight it's importance before you issue a counter-statement explaining your position. If you should respond, use the facts.
  6. Most effective simple PR occurs in trade and professional publications. These will do you the most good as they directly address the largest segment of your customers.
  7. Do not neglect the political sphere (who make the laws that affect you). Let them know who you are by starting a correspondence with them.
  8. The best PR is good service. An angry customer with a legitimate grievance can do damage to your whole business, especially with the broad reach of the Internet so easily available.
  9. Never threaten an editor with loss of advertising if he does not run your announcement, nor bait him with promises of advertising if he does.
  10. Keep up-to-date as to which people are at the publications, radios, TV stations you are most interested in.
- Never send a release without a release date and, if a product announcement, always remember to state the price.
  - Enclose photos (black and white glossy or color slides).

*Shari Worthington is President of Cirrus Technology, an 11 year old high tech marketing firm. Active on the Internet for 10 years, she is an expert in established and innovative marketing techniques, both online and off. As a result, Worthington is an international speaker on the topics of Internet marketing and e-commerce. She can be reached at [sharilee@aol.com](mailto:sharilee@aol.com) or <http://www.CirrusMarketing.com>. VF*