

WPI Venture Forum

Collaborative for Entrepreneurship & Innovation
Department of Management
WPI
100 Institute Road
Worcester, MA 01609-2280

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WPI Venture Forum Calendar of Events

- September 11 - Forecasting the Business Climate
- October 9 - Accessing Corporate Venturing
- November 13 - Marketing

Directions to WPI Campus, Campus Center Odeum

From The East:

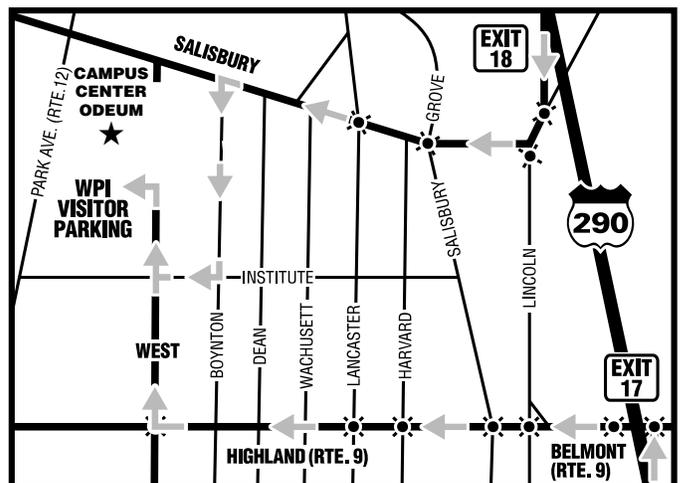
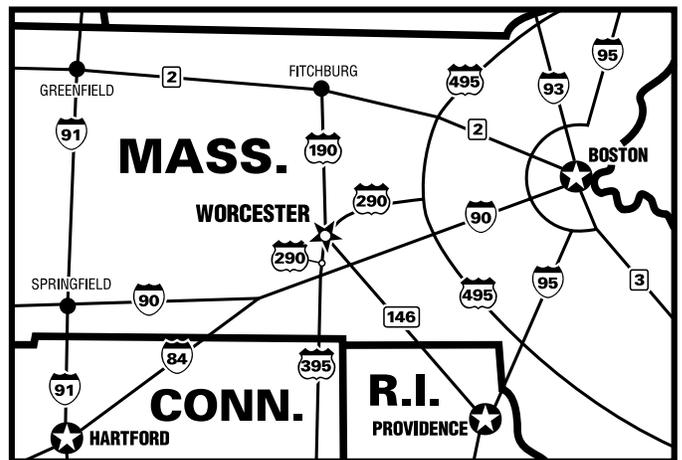
Take Mass. Turnpike (I-90) to Exit 11A (I-495). Proceed north to I-290, then west into Worcester. Take Exit 18, turn right at end of ramp, then an immediate right before next traffic light. At next light, proceed straight through, bearing to the right on Salisbury St., At the WPI sign, turn left onto 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.1
September 2001

Forecasting the future: What's in store for the Massachusetts entrepreneur?

Tuesday, September 11, 2001
WPI, Campus Center Odeum*
Registration: 6:00 pm
Meeting: 6:30 pm
Cost: \$10, individual annual and lifetime members
\$20, non-members
No cost for discounted members

It was not so long ago that we were experiencing the dawn of a "new" economy. The stock market soared; new ventures were sprouting up like wildflowers; start-up financing was easy to come by, and the economic mood from Wall Street to Main Street was euphoric. What a difference a few months make! The



Worcester Business Journal acting editor Christina L. Pappas.

September 11 WPI Venture Forum program, has developed a keen sense of the regional business climate through her extensive contacts with a variety of business owners, venture capitalists, economists and other professionals with whom she deals on a regular basis as part of her journalistic work with the *WBJ*. She has seen many of the region's most exciting businesses thrive, stumble (sometimes both), during her tenure at the business publication. She has also plugged into numerous startup companies, through *WBJ*'s "Startups" column and its Top Growth Companies project. Based on her own observations of the business community, the collective input of her many contacts and the extensive business research resources available to the *WBJ*, Pappas will offer the audience a forecast of the business climate looking out six months to two years, and will offer some practical tips ►

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dot.com revolution has collapsed; the stock market has tanked; the high-flyers of the new economy are reporting dismal financial results; thousands of workers are being let go almost daily; venture capital financing has all but dried up, and the IPO market has come to a virtual standstill.

For entrepreneurs and start-ups trying to begin their new venture or grow their business, these are difficult times indeed. The questions on every business owner's mind are what do we have to do to make it through the tough times and when will things improve?

Worcester Business Journal acting editor Christina L. Pappas, the keynote speaker at the

The September meeting is sponsored by:

EXECUSTAFF

* Please note change in meeting location.

WPI VENTURE FORUM

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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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The WPI Venture Forum, 100 Institute Rd.,
Worcester, MA 01609, (508) 831-5821.
Volume 11, No. 1, September 2001.

Letter from the chair

by Dick Prince

Welcome to a new and exciting year at the WPI Venture Forum. As the season begins, we look forward to bringing you new programs and a renewed opportunity to network with others who can assist you in starting or running your business.

New Events! Save This Date! Thursday, October 18th

We are planning a series of Networking Events, possibly as many as four, to be held at various locations around Central Massachusetts. WPI graduate Ned LaFortune will sponsor the first of these events at his business, the Wachusett Brewing Company. Join us for a plant tour, some tasting, hors d'oeuvres and a great opportunity to network with people you may not have met at our WPI campus meetings.

Coming Attractions!

- A star-studded series of Monthly Programs under the direction of Jerry Shapiro and Chris Golden, designed to get the entrepreneurial juices flowing.
- A monthly Newsletter co-edited by award-winning writer Phyllis Hanlon and Marcia Priestley, owner of Priestley Communications.
- A weekly Radio Show hosted by award-winning broadcaster Bob Hokanson.
- A Breakfast With... event produced and directed by Amar Kapur.
- A Business Plan Workshop for all aspiring entrepreneurs.
- And last but not least, a Business Plan Contest for those looking for that pot of gold.

We are just beginning. Join us at these and other events to meet the movers and shakers of



Central Massachusetts. Rub shoulders with the best and network your way to success. Get to know our sponsors. They are the best in the business.

Got a problem? Join us!

Got a solution? Come and help others!

Together we can make this the most productive and exciting season the WPI venture Forum has yet to see.

Want to participate? Join one of our many committees and find out how you can contribute.

Look up our website at www.wpiventureforum.org, come to a meeting and see for yourself why our ranks are growing.

Become a proud member of the WPI Venture Forum.

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

"The quality of a person's life is in direct proportion to their commitment to excellence, regardless of their chosen field of endeavor."

Vince Lombardi

Forecasting the future: What's in store for the Massachusetts entrepreneur?

Continued from front page

on how start-ups, as well as established businesses, can make it through these tough times.

Pappas began her journalism career in 1986 as senior writer with the former *Business Worcester*. In 1989, she became investor relations coordinator at the former Cambridge Biotech Corp., and in 1993, she assumed the position of managing editor for *WBJ*, a biweekly business publication serving the Central Mass. and Metrowest regions. Since July, she's served as acting editor. Her journalistic and corporate experience has given her a first-hand, "street-level" look at the forces that shape the economy and business policy today.

Case presenter

Vayusa Inc.

Walter Stock, Co-Founder

Box 81

Babson College

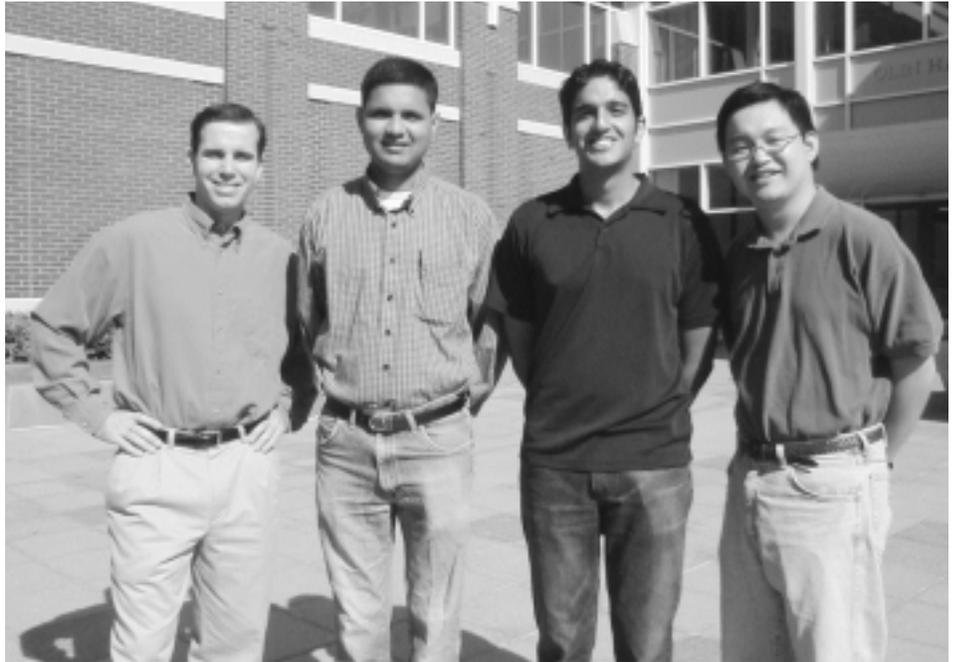
Babson Park, MA 02457

www.vayusa.com, Mobile (617) 256-3369,

wstock@vayusa.com

Are you tired of carrying around a wallet full of cash, checks, and credit cards to pay for consumer goods? In Scandinavia and Japan, you can pay for your parking and consumer goods at certain retail locations and vending machines using your cell phone. Vayusa, Inc., the case study for the September 11 WPI Venture Forum program, has developed technology which allows similar quick and easy point-of-sale purchases to be made in the United States using existing cell phones and U.S. wireless networks.

Vayusa's payment platform allows consumers to access and use their checking account, debit cards, credit cards and loyalty/discount cards through their cell phone. The company touts its payment process as being as fast as a credit card transaction, but more secure. By increasing the security of the transaction, Vayusa plans to reduce the amount of fraud



(Left to right) Walter Stock, EVP of Strategy and Business Development, Ajay Bam, CEO, Anshu Dua, Development Engineer, Troy Chen, EVP of Operations and Management.

within the payment industry and pass those savings on to the merchants and consumers through lower transaction fees.

Vayusa's technology is expected to appeal particularly to younger customers who are already heavy users of cell phones. It will allow merchants to more easily co-promote loyalty/private label cards and customers will

software engineering, operations management and business development. The founders receive counsel from a formidable board of advisors with far-reaching experience in the wireless, telecommunications, retail and venture capital industries. In order to round out the management team, Vayusa intends to hire a CEO and a CTO by the end of this year. Vayusa estimates that it will

need to raise \$1,000,000 to cover the beta phase of product development.

Walter Stock, a Vayusa co-founder, will summarize Vayusa's business plan for the audience. Immediately following

Mr. Stock's presentation, three panelists from the business community will comment on Vayusa's written business plan and presentation. This will be followed by a question and answer session with the audience. **VF**

The questions on every business owner's mind are what do we have to do to make it through the tough times and when will things improve

enjoy the convenience of the technology and the enhanced reward programs likely to be offered by merchants who adopt the payment platform.

Vayusa's four founders, Ajay Bam, Walter Stock, Troy Chen and Anshu Dua, have broad experience working with start-ups and technology companies as well as extensive expertise in

Why arbitration policies make sense for employers, part I

by Paul Peter Nicolai, Esq.

For the past decade or so, the routine advice to employers on how to handle employment issues has been to create a set of employment policies, publish them in a handbook, include language that the handbook is not a binding agreement, and hope for the best. The fact is, however, that employers have lost the war over whether employee handbooks are enforceable contracts. Most states now say they are. In this new legal environment, employment disputes mean more discovery, more trials, greater costs and increased liability. Employers should change strategies to deal with this reality.

Thanks to the recent Supreme Court Circuit City decision and rulings in other jurisdictions, employers can take a much more positive approach to controlling the employment dispute process and limiting its cost. The answer is an effective mandatory alternative dispute resolution (ADR) policy tied to an internal grievance system.

Why establish an ADR policy?

In *Circuit City v. Adams*, the Supreme Court said an employer's policy requiring all applicants and employees to submit any dispute to arbitration was enforceable. The Court required the employee to go to arbitration.

An ADR policy makes sense for employers for several reasons:

- **Cost.** The cost of litigating an employment dispute with one employee can reach several hundred thousand dollars. After setting up an ADR program, one large national company experienced average costs of about \$11,000 per dispute, including attorney fees. A four-year comparative survey of litigation and arbitration costs showed that arbitration costs were half that of traditional litigation.
- **Time.** ADR typically resolves disputes faster than litigation. Arbitration generally lasts only a few months. A lawsuit may take up to five years. Arbitration is final because an arbi-

tration award is rarely open to appeal. A quick, inexpensive dispute resolution can benefit both employees and employers. ADR also allows the parties to tailor the procedures

used during the ADR process, like controlling the degree of discovery and available remedies.

continues ►

• **Confidentiality.** Because ADR is a private dispute resolution process, business, personal and medical information remains confidential.

• **Employee handbooks are contracts.** After 20 years of legal wrangling over whether employee handbooks are contracts, most states now say that employee handbooks can, under the right circumstances, be enforced as contracts.

How to make a fair ADR policy

Though the Circuit City decision is an important statement confirming mandatory arbitration provisions in employment, the most troubling challenges to arbitration policies have been on the fairness of the policy.

Imposing a policy requiring employment dispute arbitration is a classic contract of adhesion — a standardized contract offered on “take it or leave it” terms. People applying for jobs or actual employees have relatively little bargaining power.

Because employment arbitration is a critical cost control and litigation avoidance technique, the policy must be effective. An ineffective policy will actually create more litigation and cost.

Attorneys representing employees or former employees in disputes with employers will view mandatory arbitration as a restriction of the employees’ rights and challenge them. Employers should expect challenges and a court review for unconscionable or unfair provisions.

ADR procedures will not prevent the filing of complaints with administrative agencies, like the Massachusetts Commission Against Discrimination (MCAD). They will only prevent the filing of court actions by the employee or former employee after there has been a decision by the agency.

The key components to finding a mandatory arbitration provision in employment as fair and enforceable, include:

- the employee’s consent must be voluntary and informed;
- the employee must have a right to representation;

- the process must provide for neutral, third-party decision-makers;
- the process must allow for all statutory remedies available to the employee when used to enforce statutory rights (like discrimination cases);
- the filing fee paid by the employee should not be so high as to limit the arbitration process’ effectiveness;
- the employee should have access to relevant information, and
- there should be some limited review of a final and binding arbitration award.

(See the October issue for part two.)

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

SPONSOR’S BUSINESS HIGHLIGHT

Execustaff, Inc.

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High Tech HR Outsourcing

Fortune 500 Employee Benefits – Payroll – Human Resources Administration – Compliance Management

Founded in 1993, Execustaff, Inc. is a professional employer organization (PEO) that functions as a turnkey human resource department on an outsourced basis. We provide our client companies with services that include payroll processing, employee relations, labor law compliance and benefits administration. Employees of our client companies take advantage of our extensive benefits package, which includes several medical and dental plans, a cafeteria 125 plan, life and disability income insurance, and a 401(k) program that provides employees with multiple investment options.

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We’ve been servicing start-up and early stage high-technology companies, exclusively,

since 1993; so our HR management solution addresses many of the unique challenges entrepreneurs face in building their companies. It’s designed to be comprehensive, cost effective and maximize your competitive advantage in a very hot labor market.

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For more information, contact Norm Meyers at (617) 542-5656 or email him at nmeyers@execustaff.net. Execustaff, Inc. is located at 31 St. James Avenue, Suite 955, Boston, MA 02116. VF



June meeting highlights

by Brian M. Dingman, Mirick, O'Connell

The June meeting, a culmination of the WPI Venture Forum's efforts leading to the annual Business Plan Contest, began with Bardwell C. Salmon, President of RealityWave, Inc. of Cambridge and chairman of the MIT Technology Capital Network (TCN) speaking on the key business plan elements that help secure early-stage funding for technology-based ventures. Those elements include perfecting your elevator pitch, writing an appropriate executive summary and presenting a full business plan supporting the summary.

Salmon said the *elevator pitch* should be a synopsis of the company, lasting about 30 seconds that is intriguing to others in your business space. This opportunity presents itself in various networking situations. The *executive summary* comprises your best expression of where you think the business is going. It should be no more than 2-4 pages. The first paragraph should contain the key elements and attention grabbers relating to the business. In sum, the executive summary should address the market, the product/service, the technology, marketing and sales, competition, people and money. For early stage companies, investors look at the background and experience of the people involved in the venture; so this is the area that should be emphasized.

Salmon suggested that many early stage companies find a mentor to help them through the development and writing of a *full business plan* and offer stock as part of the compensation. In this way, the mentor has a stake in the success of the venture. One interesting note was Salmon's suggestion that in the early stages, the venture competitors and others that might be interested in acquiring your company should be identified. In order to become a "known quantity" to them, you should find a way to do business with these entities. This may naturally lead to some type of appropriate joint venture, an acquisition or other appropriate exit strategy for your venture.

Business Plan Contest

Following Salmon's address, the two finalists in the business plan contest presented their plans to the audience and the panelists. Al Prescott, president of Crescent Innovations, revealed his company's plan to develop and market an analgesic for jaw pain based on established polymer technology. Frank Fazio, president of Renal Plant Corporation, then explained his plan for developing an artificial kidney.

Both companies provided a brief summary of their business plans, including most of the factors described by Bard Salmon as critical to a

business plan. Both companies seek to raise initial outside investment to complete product development.

Three experts in the field then commented on the plans and presentations. Guest speaker Salmon presented his comments from the perspective of a successful technology entrepreneur who has raised money for several ventures. Carol Brennan of Massachusetts Technology Development Corporation voiced her comments directed primarily at early stage funding for technology companies such as Crescent and Renal Plant. John Merrill of the Worcester Capital Partners offered his point of view as a venture capitalist with deep ties to the Worcester community.

After the panel comments, Renal Plant Corporation received first prize in the contest along with a check for \$10,000. Hearty congratulations to all contestants, particularly Frank Fazio of Renal Plant Corporation. **VF**

Member news

Bob Brown, president of Twin Pines Software, Inc., has been chosen to present at the Association of Service Management International's 31st World Conference & Exposition at the Disneyland Hotel, Anaheim, CA.

His topic, "A Structured Approach for Improving Warranty," describes strategies for developing product warranties and product support services.

The conference runs from October 28-30, 2001. For more information, please see the Association's website at www.afsmi.org or contact Brown at Twin Pines Software, Inc., Sterling, MA. 01564, (978) 422-2990 or visit the website at <http://www.twinpinessoftware.com>.

Pictorial highlights of the June meeting



Brian Dingman congratulates Frank Fazio, president of Renal Plant Corporation, winner of the Business Plan Contest.



Alexander Malcolm displaying his product, Cal-100, a calcium supplement.



Venture Forum chair Dick Prince addresses the June executive board meeting.



Panelists Bardwell Salmon (left), president of RealityWave, Inc., Carol Brennan of MTDC Venture Capital and John Merrill of Worcester Capital Partners listen to the case presenter



Al Prescott of Crescent Innovations receives feedback from the panelists.



Mac Banks, director of the Collaborative for Entrepreneurship and Innovation, mingles at the June meeting.

The big picture

by Floranne Reagan, EXXEL, Inc.

Scott Adams, creator of Dilbert, says that sometimes the big picture is hidden in the details. At a point in history where many business leaders are concerned about retention of employees, focusing on the big picture and the details are critically important.

What is the big picture? It's different both from an employer's or an employee's perspective. The differences are important and have direct implications on how we operate our companies.

To an employer, the big picture entails sales; operating profits; satisfied, repeat customers/clients; corporate values and image; competitors; good staff, etc. To an employee, the big picture is less complex and centers around one question: is this a worthwhile place to work?

Why is it important to know whether your employees view your company as a worthwhile place to work? Three key reasons stand out.

First, this is a time of record low unemployment. This fact, compounded by changing demographics, is creating skill shortages in most parts of the country.

Second, there is a free agent mentality thriving in the country. Employees are looking out for themselves in cold and calculating ways that often translate to *what have you done for me lately?* They consciously sell their talents to the highest bidder. Since we're operating in a tight labor market it means that they are in control.

Third, the viability and success of your orga-

nization depends on the individuals that work for you.

What workplace attributes can make your company an employer of choice? Here are some tips:

- **Respect employees' time.** Don't reward face time. That is, don't implicitly or explicitly recognize employees for quantity (e.g., long days, long weeks, endless months, forgone vacations). Understand that the company gets quality when people lead balanced lives.
- **Encourage an organizational culture focused on effectiveness.** Cultivate brevity (e.g., in meetings, memos, reports) and efficiency in processes and systems.
- **Eliminate the drones.** Fire the protected. You know, they're the ones who did something great in 1986, have been just showing up ever since, and now irritate almost everyone (except perhaps a single, important person in management).
- **Stress continuous development.** Support business-focused training that emphasizes company performance as well as personal growth opportunities. Make teaching and coaching part of everyone's job description.
- **Promote experimentation.** Create a cooperative and flexible workplace, which encourages creativity. Loosen up as much as you can.

- **Provide challenge.** Stretch employees and give them responsibility before you think you should.

- **Recognize accomplishments and growth.** Use pay and bonuses, but don't forget the value of paid vacations, peer recognition, sabbaticals, theater/sports tickets, etc.

- **Communicate, communicate, communicate.** Talk to employees about important business matters. How can they help to achieve business goals and objectives if you don't talk about the business plan or the roles they are supposed to take?

If you are committed to sustained, profitable growth, you've got to work to keep the best employees. You can accomplish this goal by paying attention to details. But, the details must add up to the perception and the reality that your company is a worthwhile place to work. However, worthwhile must be defined in employees' terms, not yours. Therefore, one of the greatest skills you can learn is to see the company through their eyes. And, that may help you see the big picture.

Floranne Reagan leads EXXEL's consulting practice in leadership assessment, coaching, and organizational development. The firm specializes in the challenges of rapid growth and persistent change, and provides a unique set of services to help companies and individuals improve their performance. She can be reached in Natick, MA at 508.651.3377 or frreagan@exxelinc.com. VF

The facts about SBA publications

Did you know that in fiscal 2000 the SBA –

- backed a record of nearly \$18 billion in financing to America's small businesses?
- approved more than 50,400 small business loans totaling almost \$12.4 billion?
- made more than 4,600 investments worth \$5.6 billion through its venture capital program - a 33 percent gain over fiscal 1999?
- provided more than 28,000 loans totaling approximately \$1 billion to disaster victims

for residential, personal/property and business loans?

- extended management and technical assistance to an estimated 1.23 million entrepreneurs through its resource-partner programs?
- responded to almost a quarter million telephone and e-mail inquiries at the SBA Answer Desk?

SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. For the office nearest you, look under "U.S. Government" in your tele-

phone directory, or contact:

Phone: 1-800 U ASK SBA

Fax: 202-205-7064

E-mail: answerdesk@sba.gov

In addition to SBA field offices, there are approximately 1,000 small business development center locations and 389 SCORE chapters to help you start and/or strengthen your business.

All of the SBA's programs and services are provided to the public on a nondiscriminatory basis.

Check out the SBA website for more information: www.sba.gov VF

Sitting in the customer's chair

by Jeffrey Shuman and Janice Twombly

Lately we've had conversations with a lot of people that are very outspoken regarding how poorly they're treated by the companies they do business with. It seems that everyone has a story to tell. At first we thought it might simply be due to the stresses of everyday life. But when we took the time to really think about what we've been hearing, we realized it was a much more fundamental problem.

Let's take a look at a few examples. A friend of ours shared two stories with us. The first one relates her experiences at a local restaurant. She has been ordering take-out from this place regularly during the past few months, but every time she calls in, it's as if it's the first time she's ever ordered. After placing her order, the restaurant staff asks her for her name and telephone number. While you might think that request isn't such a big deal, after placing the same order at least a half dozen times, you would imagine that an efficient enterprise would already know that information. Our friend knows the restaurant enters the data into their computer system when the order is placed. The last time she was in, she asked the restaurant owner why they didn't keep track of names, addresses, phone numbers and orders, so that when customers call, they can just provide their names and ask for "the usual." The owner said, "The software on the system is designed for the restaurant's internal needs, not to keep track of customer information." Wrong answer. And not surprisingly, our friend has stopped frequenting that restaurant.

Our friend went on to tell her other story. The dry cleaning establishment that's closest to her house and that she has used for years also treats her as a stranger. Every time she brings in her clothes for cleaning, they ask her for the same information — her name and address — every single time. Recently, she brought her cleaning into a newly opened dry cleaner. Much to her surprise, after her name and address had been entered on her first visit they not only accessed it on every subsequent visit, but they also used her

name when they greeted her. Guess where she now has all her dry cleaning done?

Since we're telling stories, we have to relate one that happened last month at a conference at the Del Coronado in San Diego. We were seated at a table on the veranda overlooking the beautiful waterfront with someone we had met at the conference. When the waitress came to take our order, our friend asked for a decaf cappuccino and biscotti (see what Starbucks has done to us). The waitress said that they didn't serve biscotti, so our friend asked what type of pastries they did have. The waitress replied, they didn't serve any pastries but pointed out the resort's bakery located around the corner. She said he could get coffee and pastry there. Again, the wrong answer. What if she had said, "Let me see what I can get for you?" Wouldn't that have been better?

We know that these examples might not seem significant. But they are. In the first instance, the businesses our friend had been using didn't lose her as a customer because the food was bad or the clothes weren't cleaned. Actually, the food is delicious and the clothes came back beautifully laundered. Rather, they lost her as a customer because she was tired of being treated as an anonymous transaction.

And our friend at the Del Coronado undoubtedly came away from his stay at the resort with negative feelings about the experience. After all, the waitress had, in essence, told him he'd have to leave if he wanted to get some pastry to eat

with his coffee. And remember, this took place at the Del Coronado, an internationally known premier resort.

So, what's the point?

It's really pretty simple. If you want to run a successful business you MUST look at your business from the customer's perspective. You MUST sit in the customer's chair. Think about it. Do you honestly believe that the owners of the Del Coronado want their waitstaff to tell customers to leave the café? Do you honestly think the owners of the dry cleaners and the restaurant want customers to stop doing business with them? Of course not. But that's exactly what happens if you fail to think about everything your business does, i.e., every touch point with your customers, from the customer's perspective. There is no other way to run a business and expect to be successful.

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Jeff Shuman and Jan Twombly are the co-founders of The Rhythm of Business, a Newton, MA consulting firm that helps build customer loyalty and grow profitable businesses in the networked economy. They are the authors of Collaborative Communities: Partnering for Profit in the Networked Economy (Dearborn Trade 2001). Shuman is also a professor and director of Entrepreneurial Studies at Bentley College in Waltham, MA and the author of The Rhythm of Business: The Key to Building and Running Successful Companies (with David Rottenberg, Butterworth-Heinemann). VF

More lessons from my father

by Chuck Matthews

Today, August 14th, my father celebrates his 76th birthday. I mention this because of the profound influence he has had on my own entrepreneurial journey. His lifelong focus on conceiving, nurturing, growing, and sustaining his small business ventures created an overarching entrepreneurial framework that is deeply ingrained in how I view business today. Of course, I didn't always realize this. I am sure it had something to do with youth being wasted on the young.

It is only in retrospect that I have come to truly appreciate the lessons that he directly and indirectly imparted to me. Of course, because he is my father, I am torn between sharing with you from the head, the management lessons I have learned, or the heart, the emotion of our journey in life. Please allow me to do a little of each since for me the two are inseparable.

Never underestimate the value of formal, informal, and life-long learning.

Twenty-five years ago, my father was just a few years older than I am now. Since he didn't have the benefit of higher education, he liked to say he graduated from the "school of hard knocks." He

is, however, one of the best examples of the power of self-education and life-long learning that I know. If he didn't know something, he would read, seek advice and counsel and learn. At the same time, he highly valued the formal education that my brother, two sisters, and I were pursuing. I know he valued my mother's lifelong passion for learning. (He liked to say, "The smartest thing I ever did was marry your mother.")

The result was an appreciation of the power of formal education mixed with the elegance of practical advice. For example, he imparted two simple yet powerful financial tips from which any small business person can benefit: "Never underestimate the power of compound interest over time;" and on acquiring inventory, "You don't make money when you sell something, you make it when you buy it."

Never underestimate the power of passion for what you do.

We were driving home from work one evening. I asked him if he ever thought about selling the parts business and going to work for someone else. Selling the business, yes; going to work for someone else, no. I sensed that he would rather work

directly for the customer and skip the middleman. He relished the sense of independence, but more importantly he resonated to the sense of accomplishment that came with building his dream.

He eventually sold the parts business and shortly thereafter began building another automotive venture. There would be times when he would complain about the hard physical aspect of his work, but the truth was he loved what he was doing.

Never underestimate the power of believing in yourself and others.

Life was not always "picture perfect" when I was growing up. There were fun times (boating on the Ohio and going to Coney Island); good times (sales were good); and there were hard times (more than once he agonized over paying the bills). Owning your own business can have its down side at times.

But it was during that brief respite between one automotive venture and the next that I began negotiating the purchase of the assets of another business with the idea of expanding my fledgling photography business. He was the person I went to for advice and counsel, and while in the end, the venture didn't fully materialize, he was the one ready to step up and make the run with me. I knew he believed in himself, but now for the first time, I realized he had faith in my business abilities when he said to me, "Well, what do you think it is worth? O.K., we'll go with that." When it came to believing in what I was doing, I never had second thoughts again.

One of my favorite quotes is attributed to Will Rogers, "Know what you are doing, love what you are doing, believe in what you are doing." Twenty-five years from now I will be just a few years younger than my father is today. These are the lessons I will carry forward to the next entrepreneurial generations. Happy Birthday, Dad! (Dr. Matthews father passed away on August 15, 2001, one day after his birthday.)

Dr. Charles Matthews is the director, UC Small Business Institute, and one of three professors who, together with the Cincinnati Post, discuss topics of interest to small and growing businesses. VF

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WPI Venture Forum

100 Institute Road, Worcester, MA 01609-2280

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

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