

Fall Report 2010

Accelerating the Pace of Entrepreneurship Education at the University of Michigan



Third VC Fund Launched at Michigan

M MICHIGAN
ROSS SCHOOL OF BUSINESS

Samuel Zell &
Robert H. Lurie Institute
FOR ENTREPRENEURIAL STUDIES

Center for Venture Capital &
Private Equity Finance

MESSAGE

from

*Samuel Zell, Chairman
Equity Group Investments*

Now entering its second decade, the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies is in the very early stages of developing what we hope will be a major focus on entrepreneurship throughout all of the major schools and colleges at the University of Michigan. The College of Engineering has established a Center for Entrepreneurship, which was precipitated by the Institute, and this is a positive step we hope to see replicated in other areas on campus. I think it's also important to give students who specialize in the fine arts, communications, law and other disciplines the opportunity to learn how to develop their entrepreneurial ideas and bring them to fruition.

The "new normal" in today's marketplace reflects a return to the old way of building and financing companies. The dot-com era created free money that weakened the discipline of the venture-capital business; instead of starting in a garage on a shoestring, dot-coms started day-one in a palace with no limit to their resources. Today, entrepreneurs are back to gutting it out.

We give our students and graduates the practical, real-life training they need through the Institute's Wolverine Venture Fund, Dare to Dream and other programs, and encourage them to get involved with entrepreneurial companies through summer internships and class-related projects.

The Zell Lurie Institute has fostered entrepreneurs who have launched companies, and that has added to Michigan's GDP. We believe our ongoing efforts will create a large contingent of entrepreneurs who will start companies and contribute to the economy while discovering new ideas and new solutions. That is what we need to get this country moving again.

Samuel Zell
Chairman
Equity Group Investments

cover photo: Scott Soderberg

MESSAGE

from

Thomas C. Kinnear, Executive Director

With our reputation as a national leader in entrepreneurship education firmly established during the past decade, the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies continued to innovate and reach new milestones in 2010. The Institute also extended and deepened its substantial footprint on the entrepreneurial ecosystem within the Stephen M. Ross School of Business, across the University of Michigan campus and throughout the state of Michigan.

At the Ross School, the Zell Lurie Institute's student-led Wolverine Venture Fund—the first of its kind to be launched in the country—achieved a record-setting two exits of portfolio companies in a single year. One of those deals, the acquisition of HandyLab Inc. by Becton, Dickinson and Co., handed student venture capitalists \$2 million, the largest-ever return on investment in the Fund's history. We also added a third student-directed fund, the Social Venture Fund—another first for Ross and the Institute—which will forge a new pathway to investments focused on both financial returns and social impact. And we created the Social Entrepreneur of the Year award to recognize achievements in this area.

This year's Michigan Business Challenge attracted a record 73 promising student-led start-up ventures focused on innovations in engineering, technology, medicine and other sectors. The winner of the annual business-plan competition, Ambiq Micro, already has received venture-capital funding from a Silicon Valley firm.

On campus, the Zell Lurie Institute collaborated with University partners to establish TechArb, a new business accelerator for student start-up companies. The Institute also strengthened its cross-disciplinary coursework and commercialization ties with the College of Engineering's Center for Entrepreneurship and the School of Medicine's Medical Innovation Center. And we extended our outreach to other U-M schools, colleges and departments, including Public Policy, Social Work and Economics.

On a statewide level, Michigan graduates filled the pipeline of entrepreneurial talent flowing to venture-capital firms, start-up enterprises and larger, more-established companies focused on innovation. The Zell Lurie Institute's professional staff worked hand-in-hand with state business-development officials and venture-capital industry leaders to revitalize and refocus Michigan's economic engine on enterprises in high-potential, high-growth sectors, such as biopharmaceuticals and renewable-energy technologies.

Finally, the Zell Lurie Institute's success in pushing the envelope of entrepreneurship across many different venues served to enrich the complex mosaic of new-venture creation and venture-capital investment, where our students learn and our graduates pursue fulfilling careers.

Thomas C. Kinnear
Executive Director

photo: Scott Soderberg

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MESSAGE

from

David J. Brophy, Director
Center for Venture Capital & Private Equity Finance

The Center for Venture Capital and Private Equity Finance (CVP), founded in 1994, has extended its growth as a national leader in venture capital and private equity-focused education and market interventions. In the 2009-2010 academic year, CVP continued to serve practitioners through its flagship Michigan Growth Capital Symposium (MGCS) and Private Equity Conference, and to inspire students through its numerous educational offerings. The Center also presented two public seminars: "Building an Entrepreneurial Community: Lessons from Boulder, Colorado" and "Non-Dilutive Financing Sources."

CVP offered five different courses geared toward helping today's students develop into tomorrow's venture capital and private equity practitioners. As of this year, 250 students, on average, enroll annually in one or more CVP-supported courses, which are designed to accommodate undergraduate and graduate students from all U-M schools and colleges. During the 28 years since the first private equity-focused class was held at the University of Michigan, more than 2,500 students have taken Center-supported courses.

To meet increased demand, CVP expanded the "course credit value" of two of its signature courses, Venture Capital Finance and Private Equity Finance. Students enrolled in these courses will now interact more extensively in class with venture capital and private equity professionals. In addition, CVP's Financing Research Commercialization course has evolved into a successful partnership between enterprising students and entrepreneurs looking to advance their businesses. Several of the participating companies made presentations to investors at the 2009 and 2010 MGCS.

The Center's students also benefited this year from alumni-sponsored events, including the Alan Gelband Public-to-Private Buyout Competition, the Jeff Blau Private Equity Investment Competition, and the David Evans Private Equity Award dinner. Each event now offers students the opportunity to present investment proposals to groups of seasoned professionals, including the named sponsors themselves.

Outside the classroom, CVP's team members continued to present their research results at prestigious conferences nationwide. Presentations included the overall determinants of venture capital and private equity fundraising; the specific impact of research and development expenditures on venture capital fundraising; the correlation of alternative asset returns to those of liquid markets; and private equity risk measures.

This impressive body of research is used by the Center as a teaching tool to provide students with insights into the manner in which venture capital and private equity affect our lives and our economy.

David J. Brophy
Director, Center for Venture Capital and Private Equity Finance



photo: Lin Jones

ACCELERATING THE PACE OF ENTREPRENEURSHIP EDUCATION

In 2010, the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies marked the beginning of its second decade by extending the scope and accelerating the pace of entrepreneurship education and entrepreneurial activity, both on the University of Michigan campus and in the state of Michigan.

photos: Scott Soderberg



Since its launch in 1999 at the top-ranked Stephen M. Ross School of Business, the Zell Lurie Institute has demonstrated unsurpassed leadership in developing an entrepreneurship curriculum that simultaneously engages students in real-world learning experiences with start-up companies and venture-capital investment firms.

It also has spearheaded efforts to spread the entrepreneurial spirit across the U-M campus by introducing multidisciplinary courses, hosting University-wide symposia, sponsoring an annual business-plan competition and spawning entrepreneurship centers at the College of Engineering and the School of Medicine.

In a broader context, the Zell Lurie Institute has played a major role as a participant and catalyst in statewide initiatives to commercialize University research and to incubate emerging companies in the high-tech, biopharmaceutical, medical-devices and renewable-energy industries. Through its collaboration with leaders from the public and private sectors, the Institute has helped to fuel the growth of a nascent venture-capital investment community that will retain and attract new ventures to Michigan.

"It's all about the circle of life," says Tim Faley, the Institute's managing director. "We continue to feed into the greater entrepreneurial ecosystem, which provides a rich environment where our students can learn and our graduates can put their entrepreneurial talent to work. Later, many of our alumni who have started companies or joined venture-capital firms become re-involved with the Institute as advisors and mentors. And so, the circle continues."

NEW MILESTONES

The Zell Lurie Institute hit several new milestones in 2010. The student-led Wolverine Venture Fund (WVF) achieved two exits of portfolio companies, HandyLab Inc. and Mobius Microsystems, within the span of a single year. The acquisition of HandyLab by Becton, Dickinson and Co. set a new all-time record, returning \$2 million to the Fund and boosting its value from \$3.5 million to more than \$5 million.

"This was a big year for our students who saw real returns from their real investments in real companies," says Erik Gordon, managing director of the WVF. "They get a unique experience as a student-led fund by co-investing their capital in deals alongside professional venture capitalists and seeing successful exits."

The Frankel Commercialization Fund completed its fifth year. To date, the student-directed pre-seed and seed-stage investment fund has invested in five emerging companies spanning the technology, health-care and Clean Tech sectors. One Frankel portfolio company raised a later round of financing at a higher price, increasing the value of the Fund's stake in the venture.

"At least half of the 80 investment opportunities the students consider each year originate outside the realm of the University," says Tom Porter, the Fund's director and executive-in-residence at the Zell Lurie Institute. "This enables them to interact with company founders and the external entrepreneurial ecosystem." Porter, a career-long venture capitalist and entrepreneur, sits on the board of U-M Tech Transfer and is active in the Michigan Venture Capital Association. He also serves as an advisor to the Michigan Economic Development Corporation and the Council of Michigan Foundations.

NEW INITIATIVES

Building on its past support for student incubator space, the Zell Lurie Institute partnered with the College of Engineering's Center for Entrepreneurship and the U-M Office of the Vice President for Research to establish and fund TechArb in May 2009. Located in the heart of the University's campus business district, the accelerator facility offers student entrepreneurs a place to launch and grow their own companies. Dare to Dream grants infuse capital into the new ventures, and mentoring by the Institute's staff keeps company founders focused on the fundamentals of business development as they move forward.

In a ground-breaking move, graduating MBA students this spring designated that their class gift be used to capitalize a new Social Venture Fund. It is the third student-managed venture-capital fund launched at Michigan and the first in the U.S. to invest in mission-driven, social-enterprise start-ups. Finance Professor Gautam Kaul, the Fund's managing director, says the gift reflects the emergence of a socially oriented entrepreneurial mindset on campus. "The Social Venture Fund will create future business leaders who are focused both on financial returns and social impacts, and who have the tools and techniques to measure and sustain both outcomes," he remarks.

2010 Milestones

The Samuel Zell, Mitchell Mondry, and Zell Institute and Erb Institute Scholarship Awards totaled \$65,000 providing 13 MBAs with \$5,000 each toward their tuition.

The \$5.2M Wolverine Venture Fund invested in four companies. Successful exits by HandyLab and Mobius Microsystems returned over \$2M to the 11 year old student-led Fund.

The Frankel Commercialization Fund invested in two firms. To date, the fund has invested close to \$400,000 in five firms.

Launched in September 2009, the Social Venture Fund is the first student-managed venture capital fund in the U.S. to invest in mission-driven, social-enterprise start-ups. Fourteen graduate students were recruited to join the four founding members to become the inaugural student advisory team.

MAP placed 26 first-year MBA students on site at 5 start-up companies throughout the U.S.

The Michigan Business Challenge awarded over \$60,000 in prize money to multi-disciplinary student teams from across campus. Michigan teams took home \$464,000 in prize money and services at intercollegiate and U.S.-based competitions.

The campus-wide Dare to Dream grant program for student start-ups awarded \$89,500 to student teams across campus to develop their business ideas and create a business plan, while earning their degrees.

The Marcel Gani Internship program placed 17 students at 15 start-up and venture capital firms across the U.S.

The newly launched TechArb incubator served 21 student teams developing their business concepts.

Entrepalooza, the Michigan Private Equity Conference and Michigan Growth Capital Symposium engaged over 850 attendees from the entrepreneurial and investment community, as well as from schools and colleges across campus.

Entrepreneurship is the driving force of innovation. The Zell Lurie Institute supports the University of Michigan's **Innovation Economy Initiative**, which focuses on the multiple university assets transforming the Michigan economy. www.innovationeconomy.umich.edu

NEW HORIZONS

With its solid track record for entrepreneurship outreach and collaboration, the Zell Lurie Institute is well-positioned to embark on new initiatives in the next 10 years that will extend its sphere of influence and create new opportunities for its students and graduates.

"We now have a pillar of entrepreneurship in each of three major schools and colleges, and we're reaching out to other disciplines that have expressed interest," Faley says. "Over the coming decade, I think we will see greater multidisciplinary collaboration across campus and increased engagement with the outside entrepreneurial community. In the future, entrepreneurship will become the norm."

HANDYLAB INC. EXIT RETURNS \$2 MILLION TO THE WOLVERINE VENTURE FUND

5-6

The student-led Wolverine Venture Fund (WVF) realized a record-setting \$2 million return on its strategic venture-capital investments in HandyLab Inc. when the U-M biotechnology spin-out company was acquired by Becton, Dickinson and Co. (NYSE: BDx). HandyLab, an Ann Arbor-based developer and manufacturer of molecular diagnostic products, entered into an acquisition agreement with BD last fall. The \$283 million transaction closed on Nov. 19, 2009, giving Ross School business students their third successful portfolio-company exit since the fund's inception in 1998.

photos: Scott Galvin



"Our students get practical experience by using real money to make real investments in real companies in real time," says Thomas C. Kinnear, executive director of the Zell Lurie Institute. The Institute oversees the Fund, which teaches MBA students the fundamentals of the venture-capital business by allowing them to make actual investments in early-stage companies under faculty and advisor supervision.

Throughout the early stages of its life cycle, HandyLab was in all respects a Michigan-made entrepreneurial venture. Two U-M chemical-engineering doctoral students, Kalyan "Handy" Handique and Sundaresh Brahmasandra, formed the company in June 2000 in partnership with Tom Porter, now director of the Frankel Commercialization Fund and formerly general partner at EDF Ventures, and Mike Partsch, then a Kauffman Fellow at EDF. Porter saw the start-up as a prime investment candidate for the WVF and contacted Tim Petersen, who was then the Institute's managing director. Petersen is now managing director of Arboretum Ventures, which became an investor in HandyLab in 2004.

HandyLab was added to the WVF portfolio in 2000 when the Fund participated in the company's series A round. Between 2000 and 2005, the WVF invested \$350,000 over six rounds and, upon exit, earned a six-fold, cash-on-cash return. Overall, HandyLab raised a total of \$47 million in seed and early-stage equity financing from a pool of investors, including EDF Ventures, Ardesta and Arboretum Ventures. Approximately 100 MBA students participated in the investment activities, and a U-M graduate, Jeff Williams, MBA '92, who was then HandyLab's president and CEO, negotiated the acquisition deal with BD.

The blockbuster HandyLab exit was followed almost immediately by a fourth exit in early 2010 when WVF portfolio company Mobius Microsystems was acquired by Integrated Device Technology Inc. (NASDAQ: IDTI). Mobius, which also was spun out of the University, is a leading provider of essential mixed-signal semiconductor solutions that enrich the digital-media experience. The transaction with IDT closed on Jan. 14.

The twin exits in 2009-2010 boosted the Wolverine Venture Fund's value to well over \$5 million and extended its string of home runs. Past successes include IntraLase, which became the first firm in the WVF portfolio to go public. Students invested \$250,000 over four rounds in the ophthalmic medical-device company and sold their shares in an initial public offering in 2004, returning over \$1 million in proceeds. Prior to that, the Fund achieved its first exit when portfolio company Versity.com was acquired in 1999.

With four successful exits in 11 years, the WVF's performance makes it a standout in the venture-investment community. "Our students lead a venture-capital fund that not only provides a real-world educational experience but also ranks as a very successful VC fund by any metric," says Erik Gordon, director of the WVF.

IMPACT & OUTREACH

NanoBio Corp.

Moving a Company Forward and Engaging U-M Research

The Wolverine Venture Fund's initial \$100,000 venture-capital investment in NanoBio Corp. in 2006 came at an important juncture for the biopharmaceutical company, which was spun out of the U-M Center for Biologic Nanotechnology in 2000. "The investment was very useful in moving our company forward and helping us obtain external institutional funding," says Dr. James R. Baker Jr., the inventor of the platform technology and founder, executive chairman and CEO of NanoBio. "The Zell Lurie Institute serves as an important resource by providing support and technical advice for entrepreneurial companies." David Peralta, BBA '89, NanoBio's chief operating and financial officer, says the Wolverine Venture Fund investment "served as an important bridge between angel investment and our first series A round, which we secured with a private-equity firm in August 2006." The WVF also invested \$20,000 in the company's 2008 series B round and continues to monitor its investment in the portfolio company. "I feel like I'm working with a professionally managed, institutional investment fund," Peralta says. "The WVF does a great job in training students."

Dr. James R. Baker



David Peralta

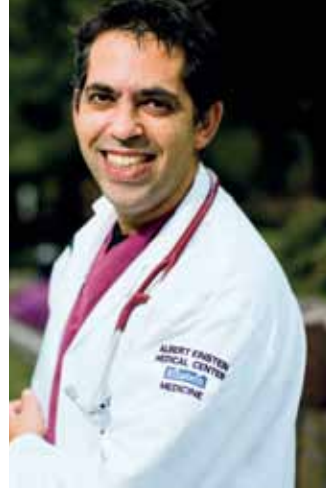


Dr. David Hares, MBA '06

2005 Marcel Gani Intern - NanoBio Corp.

Dr. David Hares applied his MBA management skills and clinical background to strategic projects at U-M spin-out NanoBio Corp. during his 2005 Marcel Gani internship at the biopharmaceutical company. "It was a fantastic experience for me and helpful for the company in several respects," he says. Over the summer, Dr. Hares analyzed the potential market size for NanoBio's lead product candidate, enabling company leaders to make informed decisions about allocating resources to their product pipeline. He also identified and vetted other pharmaceutical companies as potential partners or investors and helped NanoBio's CEO develop a comprehensive financial presentation to attract funding from private investors. "The company's open-door policy was what I valued the most," Dr. Hares says. "Working hand-in-hand with the CEO and head of clinical research gave me exposure to top leadership and the opportunity to discuss my findings and their needs." Currently, he is pursuing his internal-medicine residency at Philadelphia's Albert Einstein Healthcare Network where he will go back to a clinical position after working for four years as a manager in the department of quality.

Dr. David Hares



U-M Medical Innovation Center

Spawning an Entrepreneurship Center on Campus

When Dr. James D. Geiger conceived the idea to establish the Medical Innovation Center (MIC) at the U-M School of Medicine, he turned to the Zell Lurie Institute for help. "The Institute has been a leader in carving out entrepreneurship education," he says. "We were very impressed and wanted to bring that same spirit to the Medical School and the University Health System." Tim Faley, the Institute's managing director, assisted Dr. Geiger in developing a business plan, pitching the idea to the Medical School's leadership and making a presentation to Sam Zell, the Institute's co-benefactor and a strong proponent of cross-campus entrepreneurship education. Thomas C. Kinnear, the Institute's executive director, provided guidance and now serves on the MIC advisory board. Since the Center's 2008 launch, networked relationships between the two institutions have flourished. The Center has hosted Marcel Gani interns, and one Ross School MBA graduate has participated in the MIC Fellowship program. Medical and business students have collaborated on commercialization projects through the Frankel Commercialization Fund. "We're trying to change the campus culture to be more entrepreneurial, so we need to work together," says Dr. Geiger, who is serving as the Center's executive director. "There's a lot to do."

Dr. James D. Geiger



Stephen Brown, MBA/MHSA '11

2009 Marcel Gani Intern - Medical Innovation Center

Stephen Brown, a dual-degree student in business and public health, played a key role in bringing proprietary software to market during his Marcel Gani internship at the Medical Innovation Center in 2009. Working on commercialization projects as part of a four-member team of Ross School MBA and BBA students, he assisted a U-M inventor in evaluating her quality-improvement software for hospitals and assessing the market potential for the product. He also coached her software-development team on the redesign of their marketing materials to better attract potential buyers. "I made the initial contact with Quantros Inc., a health-care-management software company, and participated in pitching the product idea to their firm," Brown says. Working through the U-M Office of Technology Transfer, Quantros signed an exclusive licensing agreement with the University allowing the company to use the innovative software in the development of new products for the health-care industry. "I had an opportunity to see the early broad set of activities along the entrepreneurial timeline," Brown says. "It was a great experience."

Stephen Brown



IMPACT & OUTREACH

HandyLab and Accuri Cytometers

Identifying Opportunities and Connecting Research to the Marketplace

"The fun thing about entrepreneurship is that it's very complex and never the same," says Jeff Williams, MBA '92, who has plugged his entrepreneurial and business-management talent into several start-up companies and powered them down the road to success. Williams joined HandyLab Inc., a U-M biotechnology spin-out, as president and CEO in 2004 and spearheaded its product refinement, market entry and business growth for five years. **In 2009, Williams negotiated the company's \$283 million acquisition by Becton, Dickinson and Co., a transaction that also generated a record-setting \$2 million return on investment for the student-led Wolverine Venture Fund.** Last January, Williams stepped in to take the helm of Accuri Cytometers Inc., an Ann Arbor-based research-instrumentation company. Since then he has identified new product and market opportunities for medical-testing equipment in the clinical-diagnostic space and has expanded the firm's global penetration. "I like business models based on products that are better, faster and cheaper," Williams says. "They provide the opportunity to build a substantial business and achieve profitability."

Jeff Williams



Patrick Walsh, MBA '10

2009 Marcel Gani Intern - Accuri Cytometers

As a Marcel Gani intern in 2009, Patrick Walsh applied his toolkit of entrepreneurial knowledge and skills to organizational challenges at Accuri Cytometers during a critical point in the Ann Arbor-based medical-testing-equipment company's development. "Accuri was transitioning from an R&D-focused start-up to a manufacturing-focused company," he says. "They had developed their product and needed to direct their efforts toward selling and shipping that product into the market." Over the summer Walsh worked closely with the new CFO across the entire spectrum of financial operations. He also created a new financial model the company could use to drive its strategic planning, financing initiatives and budgeting in coming years. "The Zell Lurie Institute provided me with the opportunity to work in an entrepreneurial company where senior management is still involved in all aspects of operation," Walsh says. This fall, he plans to join Capgemini's Chicago office where he will work as a senior consultant specializing in the life-sciences sector.

Patrick Walsh



Arboretum Ventures

Bringing Value to the Investment Community

Through his leadership in entrepreneurship education, venture-capital investment and statewide economic development, Tim Petersen, MBA '98, managing director of Arboretum Ventures, has helped to ramp up entrepreneurial activity both at the University of Michigan and in the broader business community. Petersen, who is former managing director of the Zell Lurie Institute and former director of the Wolverine Venture Fund, remains committed to laying the groundwork for next-generation entrepreneurs. He lectures at the University, participates in Institute-led symposiums and advises student-run venture-capital funds, which often co-invest with Arboretum Ventures in high-potential entrepreneurial companies. "Students need to understand how venture capital works, since it is a key part of the entrepreneurial ecosystem," Petersen says. Since co-founding Arboretum Ventures in 2002, he and his partner, Jan Garfinkle, have funded more than 20 health-care and medical-device companies, including five based on U-M technologies. Two of those U-M spin-outs were recently acquired in separate deals for a combined \$450 million. "It's a great two-way street," Petersen says. "I give back to the University by working with students, and I benefit by tapping into the far-reaching Ross School and Zell Lurie Institute network of faculty, staff and alumni."

Tim Petersen



Naomita Yadav, MBA/JD '11

2008 Marcel Gani Intern - Arboretum Ventures

2009 Marcel Gani Intern - U-M Office of Technology Transfer

Naomita Yadav helped to advance venture-capital investment in the life-sciences and to accelerate research commercialization at the University of Michigan during her two summers as a Marcel Gani intern. At Ann Arbor-based Arboretum Ventures in 2008, she conducted portfolio analyses of life-sciences companies with cutting-edge medical device discoveries. She also surveyed the health-care industry to identify high-potential areas and leading candidates for future venture-capital investment. "My work provided Arboretum Ventures with an important perspective of the life-sciences investment arena," she says. The following year during her internship at the U-M Office of Technology Transfer, Yadav worked one-on-one with University medical researchers and scientists to move early-stage research discoveries related to cancer therapeutics and tissue engineering, out of the laboratory and into the marketplace. Her participation in Zell Lurie Institute programs such as Entrepalooza and Mingle 'n' Match helped to expand her contacts within the entrepreneurial community. "The Institute provides great networking opportunities in the Michigan area for entrepreneurs," she says.



Manisha Tayal, MBA '10

2010 Marcel Gani Intern - Michigan Venture Capital Association

At the Michigan Venture Capital Association (MVCA) this past summer, Marcel Gani intern Manisha Tayal tracked the amount of venture-capital investment made in Michigan by VC firms over the last several years and gauged the impact on venture-backed companies, job creation and sector demand. Her research results, which appeared in the nonprofit trade association's third annual report, helped to showcase the venture-investment community's role in diversifying and advancing the state's economy. "My data also served as an educational tool for Michigan lawmakers," Tayal says. Working closely with MVCA's executive director, she created new marketing and strategic tools to promote the venture-capital community and to bring additional capital investment into the state. "The experience I gained from taking part in Dare to Dream, the Michigan Business Challenge and other Zell Lurie Institute programs laid the foundation for the research I conducted at MVCA," she adds. "It taught me to ask and answer difficult questions." After graduation in December, Tayal wants to stay in Michigan and build a career within the entrepreneurial community where she can apply her MBA skills and leadership talent to make a positive impact.



Middle - Naomita Yadav
Bottom - Manisha Tayal

CROSSING TRADITIONAL TEACHING BOUNDARIES: ENGAGING GRADUATE STUDENTS FROM ACROSS CAMPUS

WARREN P. WILLIAMSON III
COLLABORATIVE ENTREPRENEURIAL EDUCATION FUND
Powering New Cross-disciplinary Courses and Action-based Learning Programs



The collaborative entrepreneurial education fund supported by a \$2 million gift from Warren P. Williamson III, BSE '53, MBA '54, continues to serve as a key driver for new cross-disciplinary courses and action-based learning programs that teach engineering and business students how to create and run businesses based on technology. "We're starting to see the fruits of some of these efforts to promote entrepreneurial thinking across campus," says Williamson, who serves on the Zell Lurie Institute Board of Directors. "I originally made the gift because I thought there should be a way to prepare people for successful entrepreneurial activities." The fund's success is evident not only from the advent of new cross-disciplinary entrepreneurship courses focused on emerging high-growth areas, such as Clean Tech, but also from the increased participation of collaborative business and engineering student teams in the Michigan Business Challenge, Dare to Dream and other entrepreneurship programs.

CLEAN TECH ENTREPRENEURSHIP - Professor Peter Adriaens
Professor of Entrepreneurship Peter Adriaens teaches two Williamson-funded graduate-level courses in "Clean Tech Entrepreneurship" that engage business and engineering student teams with emerging Clean Tech companies. The teams help start-ups iteratively solve technical, business-model and market-uncertainty problems and find ways to create value. In return, the students learn how to assess business potential and gain practical hands-on experience by working closely with scientists and inventors. This fall, Adriaens will introduce the first entrepreneurship course for undergraduates across multiple disciplines. "We are driving a cross-campus cultural change by shifting the focus of entrepreneurship away from product development and business plans and toward business models and value creation," he says, "You need to identify a business that will make money before you write a business plan to operate it." Students who adopt this mindset make strong showings at Clean Tech business-plan competitions because they maintain a focus on their business model and how it creates value. Adriaens also advises the Wolverine Venture Fund and the Frankel Commercialization Fund, which have Clean Tech investment teams.



INNOVATIVE NEW BUSINESS DESIGN - Professor Tim Faley
Graduate-level students aspiring to launch and grow new technology-based ventures, either within established companies or as start-up companies, need to understand the process for completing the first phase of creating value from innovation: designing an innovative business from a new technological discovery. "Innovative New Business Design, an elective course funded by the Williamson gift and taught by Professor Tim Faley, managing director of the Zell Lurie Institute, "gets down to brass tacks" by teaching a method to transform technology breakthroughs and technology-based product ideas into businesses. The cross-disciplinary approach teams up Ross School MBA students with engineering students to develop new business models. "The Williamson gift really ignited our focus on cross-disciplinary entrepreneurship education and encouraged us to reach out across campus by creating courses at the intersection of technological innovation and business creation," Faley says.



photo top: Martin Vloett
photo middle: Douglas Schaible
photo bottom: Douglas Schaible

FINANCING RESEARCH COMMERCIALIZATION - Professor David J. Brophy
With the University of Michigan's expenditures for research topping \$1 billion annually, there is plenty of opportunity to commercialize new discoveries. That's the premise behind Finance Professor David J. Brophy's course, "Financing Research Commercialization." Students from business, medicine, law, engineering and other disciplines work together on start-up teams that assist U-M researchers and inventors with market research, business-plan development and financial planning. Commercialization project assignments emanate from U-M Tech Transfer and the state and local business community. For a global perspective, Brophy's students also work on projects with India-based student teams at the Indian Institute of Management Bangalore. In addition to learning the ins and outs of commercialization, student teams have chalked up two success stories by helping to advance Hygieia, a medical-products company, and Shift Worldwide, which produces virtual panel discussions for global audiences. "For students, the value of the course is getting start-up experience by doing real deals in real time," says Brophy, who is director of the Center for Venture Capital and Private Equity Finance of the Zell Lurie Institute.



TECHSTART
Engaging Students from Multiple Disciplines



U-M graduate students from vastly different academic backgrounds find common ground at TechStart. The 12-week summer program immerses cross-disciplinary teams in early-stage commercialization efforts and provides University faculty and researchers with business-development assistance. "Companies launch more successfully after participating in TechStart, and students gain entrepreneurial experience while building valuable networks with local entrepreneurs and venture capitalists," says Mark Maynard, the marketing manager at U-M Tech Transfer, who has been running TechStart for 10 years. As a Marcel Gani intern, Kevin Phillips, MBA '11, worked last summer on commercialization projects related to a new manufacturing process and a cutting-edge medical device. "As MBA students, we provided the framework for analyzing the potential businesses being built around these discoveries and suggested ways in which these companies could create value," says Phillips, who drew heavily on his Frankel Commercialization Fund experience. Josh Bishop-Moser, a pre-candidate doctoral student in mechanical engineering, was involved with two other projects. "I'd like to start my own company some day, so it was incredibly beneficial to work alongside MBA students and get exposure to the business side of commercialization," he says.

(From left to right)
Mike Yee (MS'10 Biomedical Engineering),
Dustin Chang (PhD '10 Chemical Engineering),
Matt Johndrow (MBA '11),
Katherine Moynihan (Graduate Cell and Developmental Biology),
Kevin Phillips, MBA '11
Joshua Bishop Moser (PhD Candidate Mechanical Engineering)

photo top: Lin Jones
photo bottom: Scott Soderberg

TECHARB PROVIDING THE RESOURCES FOR EXPANDING ACCELERATOR SPACE

TechArb is a new business accelerator on campus that offers student entrepreneurs a six-month tenancy they can use to launch, develop and grow new start-up companies. Co-sponsored by the Zell Lurie Institute, TechArb opened in May 2009 and occupies space in Ann Arbor's McKinley Towne Centre, adjacent to Ann Arbor SPARK and Google. Student teams can apply jointly for grant funding through the Dare to Dream program and receive coaching through weekly mentoring sessions with Institute staff members. The first TechArb cohort "graduated" in April 2010.



MY BANDSTOCK

Drew Leahy, BA '10
Bobby Matson, BBA '10
Co-founders

My Bandstock, a new online company co-founded by Bobby Matson and Drew Leahy, is taking the music industry by storm. Through the start-up's interactive Web site, rock fans can become "shareholders" and earn frequent-user points that provide special access to their favorite recording artists via media updates, private video chats, meet-and-greets and pre-concert ticket offerings. "We're focusing our sales efforts in Los Angeles and pushing our technology as a service," Matson says. "Our priority is bringing fast product iterations to market and generating some revenue while actively fundraising for our second round." The dynamic duo already has signed on After Midnight Project and Gold Motel, a new band launched by Greta Morgan (formerly of the Hush Sound) and represented by Whitesmith Entertainment. Matson worked full-time on My Bandstock during a 2009 self-hosted Marcel Gani internship, and the two participated in business-plan competitions where they received valuable feedback from judges. "As an entrepreneurial resource, the Zell Lurie Institute's programs, funding and mentoring enabled us to transition our business from a college start-up to a technology start-up," Leahy says. "TechArb allowed us to move our operations from the dorm into productive work space with like-minded entrepreneurs."



ROOMATIONS

Katie Miller, MBA/March '10
Co-founder

Katie Miller's vision of making architectural-design services more widely available and affordable for homeowners inspired the concept behind her online company, Roomations. The new venture, which is scheduled to launch its Web site this fall, enables customers to tap into a network of free-lance interior designers and architects who can assist them with planning interior-remodeling projects. "Our design package provides remodeling concepts, photo-realistic images and a shopping list of products," says Miller, who has a background in architectural design as well as business. She devoted her 2009 self-hosted Marcel Gani internship to developing the company and won the 2010 MBA Entrepreneur of the Year award. "The Zell Lurie Institute's mentoring and programs provided tough love by being supportive but critical enough to let me feel confident about launching my company," she adds. TechArb immersed her in a pool of enthusiastic student entrepreneurs who were launching start-ups of their own. Currently, Miller is working part-time at Rossetti Associates as a designer and project manager while she continues to build Roomations into a successful business.

photo left: Scott Soderberg
photo right: Scott Galvin



HEART GRAFFITI

Sara A. Jones, MBA '10
Founder and President

The idea for creating a line of fashionable class jewelry for women struck Sara Jones at Entrepalooza. Jewelry-industry contacts she made while working on a Multidisciplinary Action Project in Lima, Peru, moved that ideation to the formation of her company, Heart Graffiti. The Zell Lurie Institute and TechArb provided Jones with the entrepreneurial tools and resources to sculpt Heart Graffiti into a viable online and retail business. Sales of U-M class jewelry are already booming in Ann Arbor and a campus-wide marketing blitz is set for fall. "We have initial approval to expand to Michigan State University," Jones reports. After that, it's on to the other Big Ten schools and then a national rollout. "The Institute was a wonderful resource and helped me map out my thinking about the company," she says. "Over the summer, TechArb gave me access to people and networking events, and placed me in a collaborative entrepreneurial environment."



RESONANT VENTURE PARTNERS

Michael Godwin, MBA '10
Jason Townsend, MBA '10
Co-founders

"We're doing something unconventional, but we thrive on coming up with creative solutions," says Jason Townsend, who has partnered with Michael Godwin to launch Resonant Venture Partners, a high-tech-focused venture-capital investment company in Ann Arbor. The two VCs are raising Resonant Fund I and closing a deal with their first portfolio company—simultaneously. To make it work, they have creatively crafted terms that reward the first limited partners to join the fund and seed the first deal. Godwin and Townsend honed their investment skills and gained introductions to regional venture capitalists while making deals as the student managing directors of the Wolverine Venture Fund, with mentoring from their advisor, Thomas C. Kinnear, executive director of the Institute and Ross School professor of marketing. "There is no better way to learn this trade than by doing, and the Zell Lurie Institute provided us with that opportunity," Godwin says. At TechArb, they are mentoring start-ups and organizing a VC boot camp while keeping an eye on promising investment candidates.

photo left and right: Scott Galvin

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