Entrepreneur & Venture Capital

Zell Lurie Institute/Center for Venture Capital & Private Equity Finance Year-in-Review

FALL 2007/WINTER 2008
www.zli.bus.umich.edu

IN THIS ISSUE

Awards & Scholarships
Action Based Learning Initiatives
  Wolverine Venture Fund
  Frankel Commercialization Fund
Internships
Business Plan Competitions
Dare to Dream Student Start-up Grants
EMAP - Entrepreneurial Multidisciplinary Action Projects
Entrepreneurial & Venture Capital Courses
Entrepreneur & Venture Club Highlights
Entrepalooza Symposium
Michigan Growth Capital Symposium
Student Showcase

FROM THE EXECUTIVE DIRECTOR
THOMAS C. KINNEAR

The entrepreneurial concepts and practical field-based knowledge that Zell Lurie-focused Ross students are exposed to, create graduates for placement with innovative, entrepreneurial companies and with venture capital firms. Within these pages you can explore a sampling of businesses that Ross School students have been creating and some of their bold new ideas. Thank you for your continued support and participation. It is through the continued engagement of business and investment leaders, as well as our alumni community, that we are able to prepare our students for entrepreneurial success.
Awards & Scholarships: Celebrating Outstanding Entrepreneurial Student Leaders at Ross

The following awards were made possible through the generosity of Ron and Eileen Weiser. Recipients were selected based in part on their ambassadorship, passion for entrepreneurship and academic excellence.

Entrepreneur of the Year Award for an MBA - $1,000

Heath Silverman’s (MBA ‘08) ever burgeoning entrepreneurial mind found many outlets for the application and development of new business ideas as he moved through the process of earning his MBA. Silverman took the opportunity to further his entrepreneurial knowledge and experience through his participation as co-president of the Entrepreneur & Venture Club, chair of the Entrepalooza symposium, a member of the Frankel Commercialization Fund, a Michigan Business Challenge winner, and as a recipient of a Dare to Dream grant.

Merrill Guerra (MBA ‘08) took the reins to realize her dream and launched RealKidz Clothing while earning her degree. She credits her summer internship experience at a start-up company, SpiritShop founded by Todd Sullivan (MBA ’05), as having provided her with a large part of the foundation for her launch. Her business launch efforts were further supported through enrollment in a new venture creation course, receiving a Dare to Dream grant, and participation in the Michigan Business Challenge.

Cause-Based Entrepreneurial Leadership Award - $1,000

Chris Genteel (MBA ’08) took his passion for driving forward new ideas and creating enterprise to win a Dare to Dream grant and participate in the Michigan Business Challenge during his first year at Ross. That passion combined with his tremendous leadership skills also saw the creation of the Arts Enterprise Club which joins Ross students with students at the School of Music, Theatre and Dance to explore new careers by working in a cross-disciplinary manner. As a graduate of Ross, Chris envisions and is fostering the development necessary for the Club to become a national organization.

Entrepreneur of the Year Award for a BBA - $500 each

Jared Ailstock and Mark Thompson (BBAs ’08) will have extraordinary impact on the business world bringing to it their entrepreneurial spirit and vision for new business creation. As a sophomore Jared was involved in developing the business plan for Red Baron Rocks for which he won first place at the Nebraska business plan competition. During his senior year, Mark Thompson partnered with Jared to develop VidFlips. Mark had conceived the idea for the company several years ago and led a team of BBAs to develop a full business plan for it. The team presented VidFlips at this year’s Michigan Business Challenge and placed in the semi-finals.
Scholarships

The following scholarship recipients proved themselves both in the classroom and as entrepreneurial leaders. Each recipient maintained a meritorious GPA while succeeding in previous or ongoing entrepreneurial activity.

**Samuel Zell Scholarship Awards**

$10,000
Joseph Ferencz, MBA '09
Katie Miller, MBA '09
Marcin Wojtczak, MBA '09

$5,000
Jennifer Anderson, MBA '08
Ryan Baxter, MBA '08
Jason Dishlip, MBA '08
Robert Fetter, MBA '08
Vanessa Frey, MBA '08
Adam Little, MBA '08
Aaron Nelson, MBA/MA '09
Heath Silverman, MBA '08
Vikram Vaishya, MBA '08

**Zell & Erb Institute Entrepreneurial Scholars**

$5,000
Brewster Boyd, MBA/MS '09
Michael Edison, MBA/MS '09
Matt Garratt, MBA/MS '09

**Zell & NPM Entrepreneurial Nonprofit Scholars**

$5,000
Chris Genteel, MBA '08
Rabindar Subbian, MBA/MSW '08

**Mitchell A. Mondry Scholarship Awards**

$5,000
Punit Chiniwalla, MBA '08
Merrill Guerra, MBA '08

**Institute Scholar**

Elisabeth Smith, MBA '09

Scholarship Recipients: (Top Row) Joseph Ferencz, Robert Fetter, Chris Genteel, Rabindar Subbian, Brewster Boyd, Aaron Nelson, Adam Little, Matt Garratt (Middle Row) Punit Chiniwalla, Heath Silverman, Katie Miller, Elisabeth Smith, Ryan Baxter, Vikram Vaishya (Front Row) Jennifer Anderson, Vanessa Frey, Merrill Guerra, Michael Edison, Jason Dishlip
Wolverine Venture Fund: Student Managed Fund Fuels Entrepreneurial Enterprise by Making Six Strategic Investments

Created in 1997, the Wolverine Venture Fund (WVF) continues to be the only completely student directed venture fund associated with a business school. The $3.5 million venture capital fund, administered by the Zell Lurie Institute, takes the business-development process to the next level by making early-stage and follow-on investments in young companies in the healthcare, high technology, and clean tech industries. The WVF students undertake rigorous due diligence in support of the Fund’s investment decisions. At this time, the Fund has active investments in ten firms. During the ’07-’08 academic year, the WVF made three new investments: Accord Biomaterials, Quantum Learning Technologies, and IntelePeer; and three follow-on investments: Direct Flow Medical, Nanocerox, and Mobius Microsystems.

**Accord Biomaterials Inc.** is a Michigan-based company that focuses upon the development of catalytic nitric oxide coatings for blood-contacting medical devices. These coatings address serious complications related to clotting and altered healing with technology licensed from the University of Michigan.

**Direct Flow Medical** is a California-based medical device that is developing a stentless system for the percutaneous replacement of the aortic heart valve.

**IntelePeer** is a California-based VoIP managed-service provider offering global peering infrastructure, network interoperability, industry-leading quality of service, and advanced VoIP-enabled applications.

**Mobius Microsystems** is a California and Michigan-based company that empowers integrated circuit designers and manufacturers to achieve previously unattainable levels of analog and mixed-signal integration across all process technologies.

**Nanocerox** is a Michigan-based company that produces mixed metal oxide nanoscale ceramic powders. These materials have a wide variety of applications, including military armor, laser lighting components, sensors, and anti-counterfeiting.

**Quantum Learning Technologies** is a Michigan-based online educational community that enables children to reach their academic potential by embedding scientifically-based educational activities in engaging, interactive programs that incorporate computer game design techniques.

**Venture Fund Management**

Thirty-five MBA students manage the Fund, supported by Tom Kinnear, the Fund’s Managing Director, and a nine member advisory board of professional venture capitalists and entrepreneurs. Collectively, the students bring to the table broad-based experience in fields such as biotechnology, software, investment banking, intellectual property law, semiconductors, software, chemical engineering, marketing, and medical devices. The Fund typically provides $50,000 to $200,000 in seed and first-stage funding rounds and co-investing in partnership with institutional venture capital firms.

“My participation in the Wolverine Venture Fund has been the highlight of my action-based learning experience at the Ross School of Business. Evaluating potential investments has fostered continuous learning through interaction with the fund advisors and with talented, motivated students. Most importantly, the WVF has helped me develop judgment by analyzing deals in a rigorous and structured manner and leading decisions resulting in real investments.”

-Munish Gandhi, MBA ’07
Wolverine Venture Fund Investment Activity

<table>
<thead>
<tr>
<th>Portfolio Investments</th>
<th>Investment Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantum Learning Technologies April 2008</td>
<td>RPM Ventures</td>
</tr>
<tr>
<td>Accord Biomaterials April 2008</td>
<td>Arboretum Ventures, Sigvion Capital</td>
</tr>
<tr>
<td>IntelePeer January 2008</td>
<td>EDF Ventures, Kennet Venture Partners, IVA Fund, Vogen Fund, Black Steel Investments</td>
</tr>
<tr>
<td>SilverPop Systems August 2000</td>
<td>Draper Fisher Jurvetson</td>
</tr>
<tr>
<td>Mobius Microsystems, April 2004, November 2007</td>
<td>Waypoint Ventures, Angel Funds, Menlo Ventures, Foundation Ventures</td>
</tr>
<tr>
<td>NanoBio March 2006</td>
<td>Angel Funds, Perseus LLC</td>
</tr>
<tr>
<td>Rheversion Technology March 2006</td>
<td>EDF Ventures, In-Q-Tel Ventures</td>
</tr>
</tbody>
</table>

Fund Award Recipients
Catherine Lee and Vikram Vaishya (MBAs '08) were honored with the David Shelby Award for their outstanding leadership of the Fund, in honor of the WVF's first alumni manager and co-founder, David Shelby.

Wolverine Venture Fund

Student Members

MBAs '08
Ryan Baxter
Erin Cready
Shantanu Dhamija
David Forsythe
John Gearen (MBA/MS '08)
Karl Kyriis
Catherine Lee
Eugene Lee
Jing Liang
Adam Little (MBA/JD '08)
Shripal Meghani
Kati Praise
Deborah Robbins
Sahana Shetty
Puneet Singh
Vikram Vaishya
Devi Vijayakumari
Sriram Viji
Christopher Wilson
Jason Yang

Jeffrey Lebrun (MBA/MS '09)
Joseph Malcoun (MBA/MS '09)
Josh Mandel-Brehm
Aaron Nelson (MBA/MA '09)
Seema Prasad
Nate Schmid
Renata Soasad (MBA/MS '09)
Nathaniel Troup
Christopher Whitehead

MBAs '09
Justin Adams
Julia Choi
Meghan Cuddihy (Ph.D. Candidate)
Anne Delaney
Himayat Khan

Advisory Board
Peter Adriaens, UoM College of Engineering
Mary Campbell, EDF Ventures – Alumni Fund Manager
William Johnson, Consultant/Venture Investor
Timothy Mayleben, EIM Advisors
Timothy Petersen, Arboretum Ventures
Mina Patel Sooch, Apjohn Ventures
Donald Walker, Arbor Partners
Steven Weinstein, Prism Venture Partners
Marc Weiser, RPM Ventures

Faculty/Staff
Thomas Kinnear, Faculty Advisor
Carolyn Maguire, Administrator
Frankel Commercialization Fund: Student Run Fund Invests Pre-Seed Money in Two Firms

The Frankel Commercialization Fund is continually seeking opportunities to help jumpstart new companies in Michigan. Established in 2005, the Fund is believed to be the only student venture capital fund of its kind with a focus on the commercialization of ideas and development of new companies. Tom Porter, executive-in-residence at the Zell Lurie Institute, serves as the Fund’s director.

The Fund is organized into student teams that function as independently financed venture capital companies providing very early-stage investing. These teams seek out scientific discoveries and inventions with commercialization potential at the College of Engineering and the School of Medicine. Once these ideas have been identified and evaluated, the teams may invest pre-seed money to move the concepts to the point where they are ready for early-stage venture-capital investment.

Additional mentoring is provided through the Fund’s advisory board comprised of venture capitalists, entrepreneurs, industry experts and CEOs. Student members of the Fund learn a great deal about technology commercialization and investment due diligence by working with these companies. They remain actively involved in monitoring the company’s progress, providing guidance and ensuring the company is adhering to its milestones to advancing the growth of the company.

This year the Fund announced its first two investments in Arbor Photonics (November 2007) and Beholztech Inc. (May 2008).

Arbor Photonics is an Ann Arbor, Michigan-based company that has developed a novel, scalable, optical fiber technology that enables high-power fiber lasers to be used in a variety of new materials-processing applications in the automotive, electronics and aerospace industries while offering a lower-cost replacement to existing bulky laser systems.

Beholztech Inc. is a Flint, Michigan-based company that effectively coats polyolefin plastics, making them easier to modify and adhere to other materials. Polyolefins are tiny plastic pellets that are used to make thousands of products we use everyday.

Frankel Commercialization Fund

Student Members

Health Care
Dan Chagnovich, MBA Eve
Andrew Charnik, MBA '09
Travis Coy, MBA '08
Delara Godrej, MBA Eve
Andrew Hastings, MBA '08
Phil Kowalczyk, MBA '09
Satchin Master, MBA '08
Chris Mortis, MBA Eve
Dan Saddawi-Konefka, MBA/MD '09
Michael Tarasev, MBA Eve

Cleantech
Brewster Boyd, ERB MBA/MS '09
Laura Bruce, ERB MBA/MS '10
Siobhan Doherty, ERB MBA/MS '10
Mike Hartley, ERB MBA/MS '09

Technology
Mark Birac, MBA Eve
Punit Chiniwala, MBA '08
Jason Dishlip, MBA '08
Mike Edison, MBA/ERB '08
Jessica Goldberg, MBA '09
Brian Katzman, MBA/ERB '10
The Marcel Gani Summer Internship program places students ‘in the trenches’ with entrepreneurs and investors at startup companies and venture capital firms from across the U.S. This spring the Institute placed and funded 19 graduate and undergraduate students among 17 host companies, including seven venture capital firms. Students typically spend up to 14 weeks in this full-immersion experience where they participate in a company’s planning and execution, and in an investment firm’s due diligence process for potential investments. In turn, firms benefit from the students’ management expertise and strategic recommendations they otherwise might not obtain.

“In addition to the operational experience, I can directly apply the knowledge that I have gained while matriculating the business program at Ross. Notable classes and experiences include, Corporate Strategy, Marketing, Valuation, New Venture Creation, and Venture Finance from the Wolverine Venture Fund. I plan to apply my knowledge to help facilitate ProNAI’s success in obtaining funding and in developing a cancer agent to treat patients in the future.” – Christopher Whitehead, MBA ‘09

Internship Placements 2008

Company
Amherst Fund, LLC – Michigan  
Apjohn Ventures Fund, LP – Michigan  
Arboretum Ventures – Michigan  
Ascendant Solutions – Texas  
Dusoto – Michigan  
ePack Corps – Michigan  
Fry Farms – Ohio  
Inovo – Michigan  
MacBeedon Partners, LLC – Michigan  
Mozergy – Michigan  

*in partnership with the William Davidson Institute and Erb Institute

Plymouth Venture Partners – Michigan  
Project Freestyle – Michigan  
ProNai Therapeutics  
Seneca Partners – Michigan  
U-M Office of Tech Transfer – Michigan  

uRefer – Michigan  
Venture Investors – Michigan

Intern
David Lin, MBA Eve  
Zakaria Shaikh, MBA ‘09  
Naomita Yadav, MBA ‘09  
Bryan Mortenson, MBA ‘09  
Christopher Robart, MBA ‘09  
Akshai Rao, MBA ‘08  
Kate Appel, MBA ‘10  
Manisha Tayal, MBA ‘08  
Richard Roman, BBA ‘10  
Tony Gross, MBA ‘08; Jeff Lebrun, MBA ‘09

Brewster Boyd, MBA /MS ‘09  
Michael Parke, BBA ‘08  
Chris Whitehead, MBA ‘09  
Niket Gandhi, MBA ‘09  
Ian Dailey, MBA ‘09; Natasha Thomas, MBA Eve  
Nick Mekas, BBA ‘10  
Michael Tarasev, MBA ‘08

Katie Miller, MBA ‘09  
Dinesh Narayan, MBA ‘09  
Alex Robart, MBA ‘09  
Heath Silverman, MBA ‘08

Advisory Board

Medical Technology/Life Sciences Board
Mary Campbell, EDF Ventures  
Mary R. Flack, NanoBio  
Larry Hagerty, RLP Technologies (sub. of RL Polk)  
Michael P. Kurek, Biotechnology Business Consultants  
Roger Newton, Investor  
Lisa Shapiro, Shapiro Solutions Inc.

Shelby Solomon, Ingenix, Inc.

Technology Board
Jim Adox, Venture Investors  
Tony Grover, RPM Ventures  
David Hartmann, Arbor Blue, LLC  
Al Kortesoya, Formerly Capgemini/Ernst & Young  
Chuck Salley, Investor  
Gerard P. Spencer, Retired Partner Arthur Andersen

Member-at-Large
Ken Nisbet, U-M Office of Technology Transfer
Competitions: Combining Entrepreneurial Leadership Skills and Knowledge with the Ability to Drive Results

With financial support and mentoring from the Institute, undergraduate and graduate students are encouraged to hone their skills, test new business concepts, expand their networks and win cash awards by competing in the University’s Michigan Business Challenge and Quick Pitch Competition, as well as intercollegiate business plan, case and venture capital competitions.

2008 Michigan Business Challenge

The Michigan Business Challenge engages students from across campus through multiple rounds of competition in which they develop their business ideas into a sound business plan. The competition awards over $40,000 in prize money. The competition process is supported through training and feedback offered by judges. In 2007, 36 teams entered the three-month long contest with the opportunity to present their business in four rounds of competition for awards of up to $15,000 in prize money.

25th Pryor-Hale Award for Best Business - $15,000

Outstanding Presentation - $2,500

Army Property: Offers a secure, online, multi-user inventory management system for individuals in the Armed Forces to organize, delegate, and account for military equipment.

Team: Angelo Adams, Ambra Heard, Parren James, Ben Kozma, and Sherman Powell (MBAs ’08)

Runner-up for Best Business - $5,000

Williamson Award for Outstanding Business and Engineering Team - $5,000

Erb Award for Sustainability - $5,000

Potentia: Manufacturers a micro fabricated battery-replacement component to generate power in wireless sensors by harnessing naturally occurring energy.

Team: Ruba Borno (Ph.D. ’08), Rishiraj Das (MBA ’08), and Tzeno Galchev (Ph.D. ’09)

Outstanding Presentation - $2,500

Best Written Plan - $2,500

Semi-finalist - $500

Hitchsters: Operates a service that connects travelers going to and from major metropolitan airports so that they can share a cab, split the fare, and shrink their carbon footprint.

Team: Catherine Lee (MBA ’08), Jason Lin (MBA ’09), and Sriram Viji (MBA ’08)

Finalists - $1,000

ePack Corp: Provides a high volume, high yield, batch mode micro-device packaging for MEMS manufacturers.

Team: Razi Haque (MBA ’08), Jay Stewart Mitchell (Ph.D. ’08), Sang Woo Lee, and Michael Urcan (MBA ’08)

Org Org: Offers an internet tool for organizations to communicate with their members and for members to define their interests in the organization while networking with and discovering other organizations.

Team: Jennifer Anderson, Abhishek Gopalka, Lauren Rosenthal, Heath Silverman, and Sriram Viji (MBAs ’08)

Semi-finalists - $500

Audiallo: Designs biology-inspired, audio processing technology which targets the hearing-aid and high-end audio markets.

Team: Aaron Nelson (MBA/MA ’09)

BCCJ Biodiesel: Sells biodiesel fuel reformulated from waste grease collected from local restaurants or other food establishments.

Team: James Bucher (Ph.D. ’09), Meghan Cuddihy (Ph.D. Candidate), and Edward Jan (Ph.D. ’09)

vidflips: Combines aspects of Facebook, JumpCut, YouTube, and iMovie in a new online product for users to record events in a personalized manner.

Team: Jared Ailstock (BA ’08), Richard Lam and Mark Thompson (BBAs ’08)

Michigan Business Challenge Judges

Jim Adox, Venture Investors; Jack Ahrens, TGap Ventures; Jim Baker, Michigan Technology University; Anthony Blanchard, Deloitte and Touche; Mary Campbell, EDF Ventures; Amy Cell, Ann Arbor SPARK; Cindy Crawford, Ross School of Business; John Cunningham, Innoventures; Mike Davis, Wolverine Capital Partners; Art DeMonte, SummitTech BD; Charles Fry, Fry Farms; Jan Garfinkle, Arboretum Ventures; Mary Sue Hoffman, MI-SBDC; Tom Kinneer, Ross School of Business; Nancy Kotzian, Ross School of Business; Karl LaPeer, Peninsula Capital Partners; Andy Lawlor, Ross School of Business; Rod Lowe, Tecra Systems; Andy McCollm, University of Michigan; Len Middleton, Ross School of Business; Scott Olson, Ann Arbor SPARK; Monique Oxender, Ford Motor Company; David Peralta, NanoBio; Mark Petroff, Marketing Associates; Chuck Salley, Ann Arbor SPARK; Larry Schmitt, Inovo; Phil Tepley, MI-SBDC; Don Walker, Arbor Partners; Walt Young, Plymouth Venture Partners.
Intercollegiate Business Plan, Case and Venture Capital Competitions

Consideration for competition sponsorship is given to participating teams of the Michigan Business Challenge as well as to teams who have demonstrated a clear intent to launch their business. In 2008 the Institute sponsored and coached 16 teams in 16 competitions. Teams representing the University of Michigan were rewarded $103,250 in prize money.

Ball State University

**Nascent 500 Business Plan Challenge** (March 28)

**VidFlips:** Jared Ailstock (BA '08), and Andrew Baron, Alice Chen, Tara Colli, Richard Lam and Mark Thompson (BBAs '08)

$1,500

Boise State University

**Northwest Venture Championship** (March 6)

**Project Freestyle:** Aly Juma (BS '08), Brent Medema (BS '08), Chris Mwakasisi (BS '09) and Michael Parke (BS '08)

Carnegie Mellon

**McGinnis Venture Competition** (March 13)

**ePack Corp:** Jay Stewart Mitchell (Ph.D. '08), Sang Woo Lee and Akshai Rao (MBA '08)

**Blaze:** Michael Tarasev (MBA '08)

$5,000

Northwestern University

**ABI Corporate Restructuring Competition** (November 9)

Rishi Das (MBA '08), Himayat Khan (MBA '09), James Lynch (MBA '09) and Shripal Meghani (MBA '08)

Rice University

**Business Plan Competition** (April 3)

**Potentia:** Ruba Borno (Ph.D. '08), Rishiraj Das (MBA '08) and Tzeno Galchev (Ph.D. '09)

$6,500

San Diego University

**Venture Challenge** (March 27)

**Audiallo:** Aaron Nelson (MBA/MA '09)

$3,500

University of Cincinnati

**Spirit of Enterprise Competition** (February 28)

**Army Property:** Angelo Adams, Ambra Heard and Sherman Powell (MBAs '08)

$10,000

University of Colorado

**Venture Capital Investment Competition** (February 8)

Ryan Baxter, Nathan Bosco, Punit Chiniwalla, David Forsythe and Catherine Lee (MBAs '08)

$500
University of Colorado
Clean Tech Venture Challenge (February 27)
Potentia: Ruba Borno (Ph.D. ’08), Rishiraj Das (MBA ’08) and Tzeno Galchev (Ph.D. ’09)
$15,000

Forest Eye: Brewster Boyd (MBA/MS ’08)
$10,000

Cymergy: Harsh Nahar (MBA ’08)
$5,000

EnDep: Arie Jongejan and Tom Leahy (MBA/MSs ’10)
$2,000

University of Louisville
Cardinal Challenge (February 22)
Slow Kitchen Post: Robert Fetter (MBA ’08) and Glenn Tarcea (MBA ’09)
$750

University of Nebraska
New Ventures World Competition (April 10)
$500

VidFlips: Jared Ailstock (BA ’08), Andrew Baron, Alice Chen, Tara Colli, Richard Lam and Mark Thompson (BBAs ’08)

Hitchsters: Catherine Lee (MBA ’08), Jason Lin (MBA ’09), and Sriram Viji (MBA ’08)
$1,500

University of North Carolina
Social Venture Capital Investment Competition (March 28)
Jennifer Anderson, Erin McCready, Andy Davis (MBAs ’08), Nina Henning (MS/MBA ’09) and Vikram Vaishya ’08
$1,000

University of San Francisco
International Business Plan Competition (April 24)
GIDEON: Mark Birac, Katie Miller (MBAs ’09) and Ankit Shah (MBA Eve)
$1,000

University of Texas – Austin
Moot Corp Competition (April 30)
ePack Corp: Jay Stewart Mitchell (Ph.D. ’08), Sang Woo Lee and Akshai Rao (MBA ’08)

Potentia: Ruba Borno (Ph.D. ’08), Rishiraj Das (MBA ’08) and Tzeno Galchev (Ph.D. ’09)
$2,000

Wake Forest University
The Elevator Competition (March 28)
Potentia: Ruba Borno (Ph.D. ’08), Rishiraj Das (MBA ’08) and Tzeno Galchev (Ph.D. ’09)
$5,000

KLI African Business Plan Competition (December 14)
Mozergy: focuses their business operations in Mozambique, and specifically on the cultivation and production of Jatropha, a hearty and drought-resistant plant. The plant has significant potential as an alternative energy feedstock for biodiesel.
Tony Gross (MBA/MS ’08), Mike Hartley, Jeff LeBrun and Ali Moazed (MBA/MS ’09s)
$10,000

Walmart Better Living Business Challenge (April 18)
Mozergy: Tony Gross (MBA/MS ’08), Mike Hartley, Jeff LeBrun and Ali Moazed (MBA/MS ’09s)
$20,000

2008 University of Michigan
Quick Pitch Competition
The seventh annual competition was held in January 2008 in conjunction with the annual FuturTech Forum. Competitors from across the University had three minutes to deliver their elevator pitch to convince a panel of venture capitalists of their businesses’ pending success. The competition was hosted by the Entrepreneur and Venture Club.

First Place - $1,250
Potentia: Ruba Borno (Ph.D. ’08), Rishiraj Das (MBA ’08), and Tzeno Galchev (Ph.D. ’09)

Second Place - $500
RealKidz Clothing: Merrill Guerra (MBA ’09)

Third Place - $250
Audiallo: Aaron Nelson (MBA/MA ’09)
Dare to Dream Grants for Student Start-ups

Students who wish to develop their own entrepreneurial business concepts and work toward the launch of their business may apply each fall and winter term for Dare to Dream grants of up to $10,000. Dare to Dream grants are awarded in three phases: the opportunity-identification phase where a potential business idea is identified, the assessment phase where that concept is explored to see if it ‘has legs’; and the integration phase where a solid business plan is created around the validated concept. The program provided $101,000 in grant funding to students during the 2007-2008 academic year.

Integration Grants

**Fall 2007**

**ArmyProperty.com** ($10,000): Offers an online inventory management system for individuals in the Armed Forces to organize and account for military equipment.  
**Team:** Angelo Adams, Ambra Heard, Parren James, Ben Kozma, and Sherman Powell (MBAs ’08)

**ePack Corp** ($10,000): Provides MEMS packaging for semiconductor manufacturers.  
**Team:** Jay Stewart Mitchell (PhD ’07) and Akshai Rao (MBA ’08)

**MSignS** ($10,000): English to sign language portable device  
**Team:** Michael Barfuss (MBA ’08), Jason Gilbert, and JudyYu (PhD ’08)

**Slow Kitchen Post** ($5,000): Operates an internet service to deliver artisan food to customers’ homes.  
**Team:** Robert Fetter (MBA ’08)

**Winter 2008**

**Audiallo** ($10,000): Designs biology-inspired, audio processing technology which targets the hearing-aid and high-end audio markets.  
**Team:** Aaron Nelson (MBA/MA ’09)

**Hitchsters** ($5,000): Operates a service that connects travelers going to and from airports so that they can share a cab and split the fare.  
**Team:** Catherine Lee (MBA ’08), Jason Lin (MBA ’09), and Sriram Viji (MBA ’08)

**Innovet** ($10,000): Develops medical devices and provides services for veterinary orthopedic applications.  
**Team:** Rohan Mendonza (MBA ’09)

**Mozergy** ($5,000): Offers sustainable biodiesel feedstock to produce sustainable carbon-neutral biodiesel.  
**Team:** Jeff LeBrun (MBA/MA ’09), Tony Gross (MBA/MS ’08), Mike Hartley, Ali Moazed (MBA/MS ’09)

**Assessment Grants - $1,500 each**

**Fall 2007**

**Audiallo**  
**Team:** Aaron Nelson (MBA/MA‘09)

**GIDEON:** Develops CAD software for the design simulation and visualization of nano-systems made from structural DNA nanotechnology.  
**Team:** Mark Birac (MBA ’09) and Ankit Shah (MBA ’07)

**Home Counting:** Offers quantitatively accurate male fertility testing at home.  
**Team:** Brian Burstein (MBA ’09) and David Lorch (PhD ’08)

**Indian Medical Group:**  
Provides overseas medical tourism services.  
**Team:** Sharad Gupta and Sateesh Srinivasan (MBAs ’09)

**Innovet**  
**Team:** Rohan Mendonza (MBA ’09)

**Neupharma Microdevices:**  
Manufactures and sells neural probes.  
**Team:** Cory Costley (MBA ’08), Matt Gibson (PhD ’10) and John Seymour (PhD ’08)

**Productive Kitchens:** Develops innovative restaurant equipment to provide increased kitchen productivity in industrial kitchens.  
**Team:** Babu Sambamoorthy (MBA ’08) and Israel Vicars (BS ’08)

**Sustainable Food Service:** Distributes environmentally-friendly food products and services.  
**Team:** Mary Lemmer (BBA ’10) and Vanshika Vij (BA ’09)

**Winter 2008**

**A2Secure:** Offers a secure service to store sensitive information for user’s online activity.  
**Team:** Paul Gruber and Yogev Shimony (MBAs ’09)

**ELAN:** Connects schools in India with local donors to create a large selection of funding options.  
**Team:** Swapnil Deopurkar and Shara Senior (MBA ’08)
Dare to Dream Grants

Healthy Lunches: Offers home and school delivered lunches selected by parents.
Team: Zakaria Shaikh & Jeremy Sullivan (MBAs '09)

I2: Offers design services to homeowners making quality improvements on a modest budget.
Team: Jessica Goldberg (MBA '09) and Katie Miller (MBA/March '10)

Michigan Watersports: Offers an indoor wakeboarding water sports park.
Team: Victoria Miretti (BBA '08) and Eduardo Serrano (B.M.E. '10)

Natural Sequestration Company: Sequesters carbon dioxide emissions waste to large scale emitters and creates a glucose byproduct to sell.
Team: Justin Felt (MBA/MS '08)

Project Freestyle: Offers online tools to provide organizational and marketing solutions for soccer businesses.
Team: Aly Juma, Brent Medema, Chris Mwakasisi (B.S.s '08), Michael Parke (BBA '08)

Second Eye: Provides software for automated reads of medical images similar to spell-check for radiologists.
Team: Brian Burstein (MBA '09) and Ted Way (Ph.D. '08)

Travelamp: Provides nightlife information to travelers abroad.
Team: Alexander Robart and Christopher Robart (MBAs '09)

Z2 Technologies: Computer-assisted dental implantology services and computer-generated surgical guides to provide ideal implant placement assistance.
Team: Dan Zetu (MBA '09)

Opportunity Grants - $500 each

Fall 2007

General Aerodynamics: Analyze performance of helicopter rotors and propellers
Team: James Cho (MSE '08)

Team: David Gaucher (MBA '09)

Hearing Protection Indicator: Safety glasses that indicate when hearing protection is needed.
Team: Robert Littrell (PhD '09)

I2: Mass market architectural services.
Team: Katie Miller (MBA/MArch '10)

Maxim Investments: Investment funds that get maximum tax efficiency.
Team: Maxim Yutsis (MBA '08)

Modern Portfolio Auctions: Auction services for individual or combination bid lots.
Team: Miles Putnam (MA)

Second Eye: CAD highlights of areas on CT scans on which radiologists should focus.
Team: Ted Way (PhD '08)

SensoWear: Fabric that senses change in temperature, pH, etc for sportswear and military uniforms.
Team: Edward Jan and Meghan Cuddihy (PhDs '09)

Winter 2008

BLA Technologies: Tracks spatial coordinates.
Team: Ben Avidar (B.S.E. '10) and Brian Pogrund (B.A. '11)

City Cycles: Provides companies with support, such as locker rooms, to encourage bicycling commuters.
Team: John Alexander, Tom Leahy, David Wolpa, and Andrew Zrike (MBAs '09)

Fontis Medical: Delivers large molecule drugs through the skin with a patch.
Team: Matt Gibson, TK Kozai (Ph.D. '10), and Erin Purcell (Ph.D. '08)

Grad Student Net: Share access to expensive technology and supplies.
Team: Channing Huntington and Prashant Padmanabhan (Ph.D. '11)

High Efficiency Thin Film: Solar cell thin film to make solar energy more accessible.
Team: Tao Ling, Weiming Wang (Ph.D.s '10), Jun Yang, and Meng Zhang (Ph.D.s '08)

Moduline Technologies: External re-sealable connector for implantation within the body.
Team: Bryan Callow, Daniel Greenwald, Diana Koordi, and Jeffery Meng (M.S.E. '08)

Pure Ultra: Improves gel polymers for sensitive applications such as ultrasounds.
Team: Fong Ming Hooi (Ph.D. '10)

Team: Glenn McDonald and Qian Xin Weng (Ph.D. '10)

Taglium: Develops cutting fluid.
Team: Faheem Gill and Vijay Parthasarathy (MBA '10)

Waste Agents: Advises businesses about the energy value of their waste streams.
Team: Thomas Gilbert (Ph.D. '09)
Entrepreneurial Studies & Venture Capital Finance: Part of a Strong General Management Curriculum

The Ross School of Business, hand-in-hand with the Institute and its Center for Venture Capital & Private Equity Finance, actively engages the nation's most successful entrepreneurs and offers an outstanding faculty comprising both academic researchers and practitioners in entrepreneurship and venture capital.

Entrepreneurial Studies & Venture Capital Finance Course Electives

- Driving the Innovation Process
- Entrepreneurial Management
- Entrepreneurial Turnaround Management
- Entrepreneurship via Acquisitions
- Family Business
- Intellectual Property and Competitive Strategy
- Managing the Growth of New Ventures
- New Venture Creation
- Real Estate Fundamentals
- Service Innovation Management
- Urban Entrepreneurship
- Enterprise Systems Strategy
- Financing Research Commercialization
- Private Equity Finance
- Venture Capital Finance
- Venture Capital & Private Equity Finance in Transitional Economies
- Frankel Commercialization Fund
- Wolverine Venture Fund

Bringing Reality into the Classroom

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

Real people. Real deals. Real outcomes. That's what sets David Brophy's courses in venture capital, private equity and entrepreneurial finance apart from those at other leading business schools. “All the cases I present are real cases, and everything I do in class is rooted in my personal involvement with investors and entrepreneurs,” explains Brophy, who has played a formidable role in company-building as an adviser to both start-ups and venture funds for nearly 30 years. “Students get more insightful treatment plus access to real information and real people who were involved in the deals. Students can follow up as much as they want and even make connections for future jobs.” As the founder of the annual Michigan Growth Capital Symposium in 1979, which focuses on early-stage venture capital, Brophy pioneered an event that has been emulated by institutions around the world. Brophy maintains close contact with recent and past graduates who have fanned out across the entrepreneurial and investment communities. “My objective over the years has been to make this business known to our students and to make it possible for them to get involved in it as a career,” he says.

Entrepreneurial Multidisciplinary Action Projects:

MBAs Executing High-Level Management Assignments at Start-up Companies

As part of the Michigan MBA program, first year students are assigned to multidisciplinary action projects at sponsoring companies, including several opportunities at entrepreneurial startups. Over a seven-week period, the MAP teams execute high-level management assignments, such as developing business plans, identifying new product opportunities and formulating strategies for market entry.

Entrepreneurial MAP

Company Hosts – 2008

MyWire.com - California

Project: Conduct research and analyze media industry trends and key competitors’ offerings.

MBA Team: Andrew Charnik, Julia Choi, Edward Cox, John Finger, Rahul Pal, Joshua Zane

Lion Cells Inc. - California

Project: Market assessment for electric displacement of small gas engines for the U.S., Europe, and Asia regions.

MBA Team: Heather Dobbins, Joshua Katz, Jeffrey LeBrun, Anthony Lupa, Siddharth Sinha
Michigan Entrepreneur & Venture Club

2007-2008 Club Officers
MBAs ’08
Jennifer Anderson, Co-President
Heath Silverman, Co-President
Eugene Lee, Co-Vice President, Venture Capital & Private Equity
Mike Lung, Co-Vice President, Venture Capital & Private Equity
Ari Sznajder, Co-Vice President, Entrepreneurship
Shara Senior, Co-Vice President, Entrepreneurship
Shikhin Agarwal, Vice President, Finance
Jason Townsend, Evening MBA Relations
Ian Dailey, Director of Membership
Harsh Nahar, Treasurer
Kunal Mahajan, Technology Chair

2007-2008 Events and Guest Speakers

September 9 – EVC Kickoff Meeting

September 21 – Dare to Dream Information Meeting
This information session described the Dare to Dream grants available to students, the application for each grant, and the deliverables to obtain each grant.

September 18 – Mingle and Match
Students with entrepreneurial interests informally mingled with students who already had a business concept with the goal of creating teams to form a business.

September 19 – EVC Speaker Series
Chetna Sinha, Mann Deshi Bank.

September 21 – EVC Speaker Series
Dan Patchen, Cargill Emerging Business Accelerator

September 21 – Entrepalooza 2007
This annual entrepreneurship symposium featured four panel discussions, three breakout networking sessions; and two keynote speakers: Samuel Zell, Chairman of Equity Group Investments, and Kevin O’Connor, Co-founder and former CEO & Chairman of DoubleClick, Inc.; O’Connor Ventures. At the symposium, Mr. Zell was presented with the Alumni Entrepreneur of the Year Award.

September 21 – Post Symposium Student Luncheon & Career Fair
The lunch and learn session brought together business students with entrepreneurial alumni. Participating alumni included Josh BotKin (MBA ’06) of Space Weather Forecasting Technologies; Michael Edison (MBA/MS ’08) of Well-House Home & Building Supply; Merrill Guerra (MBA ’08) of RealKidz, Inc.; Robert Mazur (MBA ’03) of B.A. Maze, Inc. (PurrFect Opener); Todd Sullivan (MBA ’05) of SpiritShop, Inc.; and Michael Tarasev (MBA ’08), of Blaze Medical Devices. Alumni shared their experiences and the resources they tapped to launch while earning their degree.

During the career fair students networked with representatives from entrepreneurial companies, including: Cleantech Network, DevHive, Ghostly International + Spectral Sound, Healthcare Data Solutions, Mandy and Pandy, OtoMedicine Inc., Primerica Financial Services, and uRturn.com.

September 24 – EVC Speaker Series
Amy Cell from Ann Arbor SPARK and Wes Huffstutter from the Office of Technology Transfer spoke to students about how to get involved in entrepreneurship in the Ann Arbor community and the University at large.

September 26 – EVC Speaker Series
Mike Rohlfsen, Cargill Environmental Finance

September 28 – EVC Whirlyball
EVC celebrated Dare to Dream submissions with a Whirlyball event.

September 29 – Michigan Business Challenge Information Session

October 1 – EVC Speaker Series
Sam Valenti, Ghostly International, co-sponsored by the Arts Enterprise Club.

October 5 – EVC Speaker Series
Camille Jayne, The Jayne Group

October 11 – EVC Speaker Series
Mike O’Connell, Pavilion Winery

October 12 – Michigan Business Challenge Information Session
Students interested in participating in the 2008 Michigan Business Challenge attended this information session to learn the details of the application process, the format of each round, and the deliverables required.

October – Private Equity Student Panel

October 26 – West Coast Forum VC Panel, California

October 30 – Mingle and Match Business Networking

October 31 – EVC Halloween Happy Hour
Happy hour to celebrate Halloween at Mitch’s
November 12 – EVC Speaker Series
Nathan Burrell, the Honey Project

November 16 – Marcel Gani Internship Student Panel
2007 Marcel Gani summer interns discussed their experiences working for start-up companies and venture capital firms and answered questions about the internship process.

December 7 – Social Enterprise Education Event

December 12 – EOY Pizza Party / Study Break

January 8 – Marcel Gani Internship Program Information Session
Students learned how to apply for or host an internship with an entrepreneurial company or a venture capital firm. Mini-internships through Ann Arbor SPARK were also presented for students who wanted to receive entrepreneurial experience in the weeks before their formal internship began. Students with their own business ideas were encouraged to attend in order to hear about summer opportunities to further develop their business.

January 9 – Global Social Venture Competition Information and Prep Session

January 16 – Dare to Dream Grant Program Information Session

January 23 – EVC Speaker Series
Maria Leal, Coopa Roca

January 24 – Marcel Gani Internship Host Reception

January 25 – Quick Pitch Competition at FuturTech
FuturTech, the University of Michigan’s business and technology conference, brought together the Ross School of Business, the College of Engineering, the School of Information, and major corporations from around the world. The Quick Pitch competition was held in conjunction with the conference.

January 27 – Mingle and Match with Ann Arbor SPARK
Co-hosted by Ann Arbor SPARK

March 4 – Whirlyball
EVC members met for the last social event of the season and the new 2008-09 club officers were introduced.

April 8 – EVC Speaker Series
Fadi Ghandour, Aramex International

Executive Leaders Provide Entrepreneurial Consulting
Students met with these executive leaders one-on-one for the opportunity to receive feedback on their start-up issues and the challenges they faced in developing their businesses.

Participating Executives:
October 10 - Jonn Behrman, Entrepreneur

October 11 - Adam Borden, Founder & Managing Director, Bradmer Foods

November 7 - Tim Petersen, Managing Partner, Arboretum Ventures

November 10 - Charles Fry, CEO, Fry Farms
Entreplaoza 2007: Anybody Can Do It

The full spectrum of entrepreneurial activity, from start-ups on a shoestring to private equity mega-deals, was put into perspective by well-known entrepreneurs, venture capitalists and business executives during Entreplaoza 2007: Anybody Can Do It. The annual symposium presented by the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies and the student-led Entrepreneur and Venture Club at the Stephen M. Ross School of Business was held September 21 at the Michigan League on the University of Michigan campus and drew 350 attendees from the University and business communities.

Keynote Speaker: Samuel Zell, Chairman, Equity Group Investments

Samuel Zell, a University of Michigan alumnus, founding benefactor of the Institute and the chairman of Equity Group Investments in Chicago, received the 2007 Entrepreneur of the Year Award from Zell Lurie executive director Thomas C. Kinnear. Sporting a Chicago Cubs baseball cap-a nod to his $8.2 billion buyout offer for the Tribune Co., which has owned the Major League franchise team since 1981-Zell, 65, delivered a blow-by-blow recounting of the events that lead up to his record-setting $40 billion sale of Equity Office Properties Trust to New York-based Blackstone Group LP last February. He also offered his current assessment of the financial markets in the wake of the subprime-mortgage meltdown.

The Blackstone-Equity Office transaction, disclosed Feb. 7, represented the days of enormous unfettered liquidities, unlimited and undisciplined syndication, and the creation of new entities called collateralized loan obligations and collateralized debt obligations, which pooled a series of debt and created a cascade of “sliding pieces” that obfuscated risk, Zell said. “Much of the constipation that exists in the debt market today reflects uncertainty in how you deal with these new entities when there are problems,” he explained. Until these issues and structures live through some “difficult times,” their role in the future will be unclear, he predicted.

On a reassuring note, Zell said: “I really don’t believe the current environment is quite as catastrophic as everybody would suggest. The amount of liquidity that existed six or eight weeks ago still exists today.” That absolute amount of liquidity, he added, will not change until the world grows enough to better use and absorb the level of capital it has created over the last 10 years.

“I don’t think we have a liquidity crisis,” Zell argued. “I think what we have is a confidence crisis, and I think we will get through this with moderate damage over the next three to six months.”

Turning his attention to the Office Equity Properties Trust deal, which he described as “a paradigm of what was happening at the peak of this frenzy,” Zell recapped the financial engineering in which Blackstone put up $3 billion in equity, investment banks put up $5 billion of bridge equity, and $32 billion of debt was created. He reported Blackstone has sold 75% of the assets and has retained 25%, and estimated the private equity firm will earn for their investors a 60% internal rate of return on their investments. “You wouldn't think anyone would be so dumb as to sell something to somebody who is going to make a 60% profit on what you're selling,” Zell said. “But if you learn anything from what I have to say this morning, it is that there is an enormous difference between absolute return and internal rate of return. As time moves forward, understanding that distinction is definitely going to separate the men from the boys.”

Continuing, Zell explained, “Somebody came to me and said, ‘I'll take a $40 billion risk for which I'm willing to accept $2 billion and my theoretical profit, if I succeed.’ The way I count that, it's something like a 5% return for the risk taken. From my point of view, I'm fully prepared to basically pay somebody 5% and deliver $40 billion any day of the week.” He told his audience that the battle for control of the nation’s largest office building owner began at the end of 2005 and encompassed a heated bidding war between Blackstone and Vornado Realty Trust, as well as strategic negotiations over the share price and break-up fee. “Our philosophy was very simple,” Zell explained. “What we really wanted to do was to create an auction with a floor.” The events culminated in a so-called “godfather offer” from Blackstone that no public company
could responsibly refuse and, ultimately, became the biggest leveraged buyout in history.

Zell wound up his narrative, saying, “It’s all about certainty, about eliminating the options and about intelli-
gently assessing risk as it should be.” He candidly admitted that the Blackstone-Office Equity transaction
could not have been done today, because the risk premiums have widened out dramatically and the availabil-
ity of capital is constrained. “The market today is relatively paralyzed and is trying to assess and identify the
new definitions of risk,” he said. “There is no shortage of liquidity; in fact, there is a surplus of liquidity that
will exist in 2007 and for a number of years. I think the current situation will end up being relatively benign.
The result, when it’s all said and done, is that debt will end up in a more stable, more conservative financial
environment, which is nothing but A-1 for our country.” Zell observed that the U.S. is growing and will con-
tinue to grow. The dramatic growth occurring outside the U.S., and the fact that the U.S. is less pressured to
be the engine of growth, is a very positive thing, he concluded.

During the morning, four concurrent panel discussions examined strategies for launching new businesses on
the cheap, growing start-ups, investing and pursuing career paths in venture capital and applying “intrapre-
neurship” and innovation across industries.

Panel: Build, Fund & Grow Winning Start-Ups
At the “Build, Fund & Grow Winning Start-ups” panel, successful entrepreneurs and venture capitalists discussed
the building blocks of new companies and strategies for overcoming common hurdles. “The ability to recruit and
retain people is essential for any CEO,” remarked Jennifer Baird, president and CEO of Accuri Cytometers Inc.

“Look for individuals who have your same values, work ethic and goals, but complementary skill sets. You don’t
want clones of yourself.” Richard Sheridan, president and CEO of Menlo Innovations, recommended that newly
minted CEOs work at recruiting and extending their networks 24/7, even when they are not hiring.

The panelists agree that attracting the necessary talent when a new company’s financial resources are slim
or nonexistent can be a challenge. “We generally didn’t pay people much at the beginning,” recalled David
Hartmann, founder and president of Arbor Blue. “As a CEO, you want to attract people who don’t need a lot
of pay, but who get excited about the adventure.” He characterized the state of Michigan as a great place to
launch “real companies with real products and real customers,” in part because it has a large pool of skilled
labor and many engineering and manufacturing resources. Hartmann also underscored the importance of
selecting board members and advisers who can bring “in the trenches” experience to a young company and
help it move forward.

In terms of funding, Baird acknowledged that it is very difficult for first-timers to “jump straight into the VC
world,” so she advised looking for federal grants and angel investors with discretionary money to invest. “You
should try to identify one key lead investor who knows other investors and will bring them along,” she said.
Baird also cautioned against “founder-itis,” a condition that prevents company founders and founding board
members from stepping aside and allowing the influx of new talent when it’s needed at different stages of
development. Sheridan urged entrepreneurs to weigh the pros and cons of pursuing venture capital money.
“Don’t take it, if you don’t need it,” he said. “VC money comes with a great deal of responsibility.”

Panel: Venture Capital Investing & Careers
The panelists shared their ideas about cultivating customers. “The best way to start a company is with a
customer rather than with an idea,” Hartmann argued. “Make time for sales calls every day. If you can find a
kingpin customer in your market and tip him over, you are on your way.” Baird urged CEOs to get customers
involved from the very beginning. “Along the way, we involved a lot of customers in the development of our
product and they became the champions for it,” she remarked.
At the “Venture Capital Investing & Careers” panel, venture capital fund managers revealed some of the criteria they utilize in creating portfolios of companies. “You choose an industry, pick a stage and then focus on a geographical area,” said Mina Sooch, founder and general partner of Apjohn Ventures. She told the audience that her activities as a venture capitalist fall into four different categories: looking for and sourcing deals, working with her existing portfolio companies to help them advance, running the operations of her VC firm and raising money from pension funds, endowments, and private investors who must be convinced they will receive a good return. “You need skill sets to cover all four areas,” she noted. “It’s not just about doing deals.”

Jim Adox, managing director of Venture Investors, observed that the number of venture funds in existence today is only half of what it was at the peak of the dot-com bubble in 2000-2001 when 1,200 funds were doing deals. Tom Wasserman, managing director of Constellation Ventures, argued that expectations got out of whack in that highly charged environment. “A lot of guys came in with a lot of money,” he said. “They invested it, built a little bit and sold quickly. People forgot that you have to grow a company. If you’re looking for a quick exit, go to Vegas.”

The panelists agreed that the path to venture capital is more of a random walk than a straight sprint. Mahendra Ramsinghani, senior vice resident of Plymouth Venture Partners, suggested that individuals seeking to break into the VC industry hone their skills in modeling and financial forecasting, develop expertise in a specialized domain such as clean technology, acquire an operational background and raise their awareness of macro trends and leading companies in their chosen sector. Adox said, “Every VC partnership is different, so you have to understand what value you bring to that partnership and how you match up with what the partnership is looking for.” He also noted the importance of the EQ, or “emotional quotient,” which involves working constructively with other people. Wasserman stressed the overarching need for building relationships and networks through “spidering out” of your existing personal and professional circle of contacts. The panelists predicted the next big trends in venture capital would include a focus on clean technology, the Web 2.0, biotech and health care products, and increased fund investments in China and India.

Keynote Speaker: Kevin O’Connor, Co-Founder & Former CEO & Chairman, Doubleclick; O’Connor Ventures

The morning session of Entrepalooza 2007 culminated with some tips for increasing the chances of entrepreneurial success from keynote speaker Kevin O’Connor, the co-founder and former CEO and chairman of DoubleClick Inc. and currently the head of O’Connor Ventures. “The odds are against you,” O’Connor told his audience, but added that entrepreneurs have a better chance of succeeding if they identify a problem and find a way to solve it 10 times better than their competitors or at one-tenth the cost. “Trends always start very slowly and end bigger,” he remarked, pointing to the success of Google, which eventually surpassed the success of earlier search engine firms. O’Connor recommended brainstorming to generate lots of ideas, then culling and focusing on the best three and vetting those to assure no one else has already developed them.

As a venture investor, he said he likes a short, tightly focused business plan with a sexy executive summary that will grab his attention. He also steers away from early-stage ventures, preferring companies that already have built and sold their products. O’Connor advised entrepreneurs to approach relatives and angel investors for money, to hire “smart athletes” with overall intelligence rather than people with specific skills, and to be willing to work 100 hours a week. “So, the odds may be against you, but the rewards at the end of the day definitely outweigh those odds,” he concluded.
Michigan Growth Capital Symposium: Draws Investors from Across the U.S.

With Michigan's economy struggling under the cloud of a subprime mortgage and housing foreclosure crisis, coupled with slowing business activity and mounting job losses, the 2008 Michigan Growth Capital Symposium offered an optimistic outlook for the state's eventual recovery. The annual two-day event, now in its 27th year, attracted nearly 400 participants to the Marriott Eagle Crest Conference Center in Ypsilanti, Michigan, on May 14 and 15. Seven panels of experts drawn from the entrepreneurial, venture investing, legal and government sectors discussed a wide range of issues, and 30 promising early stage companies made presentations. Two keynote speakers, Alan G. Walton of Oxford Bioscience Partners and Kenneth R. Pelowski of Pinnacle Ventures, offered their views of biotechnology and venture investing opportunities, respectively, and both received the Leaders and Best Award.

"Per square foot, there is more enthusiasm and positive thinking about Michigan and the Midwest here than anywhere else in 500 square miles," observed Dr. David J. Brophy, director and founder of the symposium and professor of finance at the Stephen M. Ross School of Business at the University of Michigan. Innovation, hard work and financing provided the rallying point for this year's symposium and demonstrated an alignment of entrepreneurial enterprise and venture capital, he noted.

The event was presented by the Center for Venture Capital and Private Equity Finance of the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies at the Ross School of Business.

Keynote Speaker: Alan G. Walton, Senior General Partner, Oxford Bioscience Partners

The sequencing of the human and other genomes, and the development of associated technologies, have been the driving force behind the meteoric rise of biotechnology, said Alan G. Walton, the senior general partner in Oxford Bioscience Partners, a life sciences venture capital firm with offices on the East and West coasts. Over the span of his distinguished career, the English-born Walton has pioneered advancements in biotechnology as a scientific researcher, university professor, U.S. Presidential science advisor, biotech company founder and now, venture capital investor. He was presented with the Leaders and Best Award by MGCS founder and Ross School finance professor David J. Brophy in recognition of his accomplishments.

During his keynote remarks, Walton predicted that biotechnology advancements will bring major changes in four key areas over the next 50 years. "Most major human diseases will be treated, controlled or prevented by biotechnology products and methods," Walton said. "Most of the world's food supply will be more plentiful, nutritious and disease resistant through biotech products." He also predicted that a significant portion of the world's energy will come from genetic engineering and that molecular computers will be based on biological molecules. "My prediction is that this will be the biotechnology century," he said.

From a venture investing perspective, Walton observed there are two key investment strategies in the biotechnology sector. “One is to come up with the newest, latest and best thinking that is enabling technology, or you can head down the public route, although the public isn’t interested in technology and doesn’t understand it,” he said. "Oxford’s strategy has been to try to come up with revolutionary technologies." Last year, Oxford funded and sold a new technology called RNAI developed by Sirna; a rapid gene sequencing methodology developed by Solexa, an English biotech firm; and an ultra-rapid vaccine formation company. “Although we have a lot of failures, these huge sales of new technology have been the mantra at Oxford," Walton said.

He noted that biotechnology has a history of four-year cycles. “Right now, in 2008, we have no IPOs, and companies are running out of cash,” he said. “Things are looking a little bit grim. But if you believe the
cycling, then at the end of the year and into 2009, biotech is set to come back again. I hope that gives us a little bit of enthusiasm.” Although major technological breakthroughs in commercial bioscience have been largely hidden from the public in the last few years, Walton said he anticipates these advances will inevitably cause an economic shift to those centers where these technologies are employed. Commenting on the most likely commercial successes in the energy side of the biotech equation, he dismissed the hydrogen highway as “dreaming” and said, “Unfortunately, we’ll have to go to non-corn-based ethanol in the short run and use that until we can build nuclear reactors that will take over, as they have in France and Japan.”

Panel: Creating A Clean Tech Cluster In Michigan And The Midwest

Michigan’s skilled workforce, plentiful natural resources, strong research community and deep manufacturing expertise in the automotive and chemical industries provide a solid platform for creating a thriving clean tech sector, said a panel of private and public technology investment managers and economic development leaders. “We think there are three or four major sectors that present opportunities,” said Ananth Ananthasubramaniam, manager of technology investments for DTE Energy, which has invested $100 million in the alternative energy space. The “greening of the grid” will stimulate a growing market for renewable energy sources, such as solar, wind and biomass, he said, and increased concern about energy efficiency, management and storage will drive new technologies in those areas. Alternative fuels also offer great possibilities for innovative companies and forward-thinking venture investors. Through its Centers of Energy Excellence initiative, the Michigan Economic Development Corporation is striving to grow a clean tech industry cluster by attracting high-potential companies to Michigan, connecting them with the right partners and then brokering the deals, explained Douglas Parks, vice president of new market development. Colin South, president of Mascoma Corp., which focuses on cellulosic ethanol production, reported that the supply chain and knowledge base in Michigan initially attracted his company to the state. To move the needle toward clean tech, the panelists said, will require a variety of financing sources and combinations, including venture capital, asset investment and the public markets. Companies seeking venture capital dollars will need to identify disruptive technologies that are sustainable and offer more than incremental improvements over existing ones, advised Mike Melnick of CMEA Ventures. He said that the management team’s capabilities and the scalability of the market also must be considered.

Panel: Investment In Life science Companies

Establishing strong investment partnerships is critical for entrepreneurial companies in the highly competitive life sciences sector, but this can be challenging. “As the CEO, you are going to be raising money all the time,” observed Douglas Onsi of HealthCare Ventures. “Don’t give up the first time some investor passes, but be realistic. Think about how your company creates value and then go to the places where people recognize that value.” Robert More, a partner at Domain Associates, advised entrepreneurs to focus on their particular area of expertise and to work initially through local channels in the venture investing community. “You’d better be the best at what you do, because you’re competing globally now, not regionally,” he said. “Know the kind of deals a venture capital firm is doing and find out who your deal champion is going to be before you go to that first meeting.” Venture capital firms considering investments in nontraditional geographical areas typically look for entrepreneurs who can execute well on a plan and convey a desire to collaborate on a project, said Nina Kjellson of InterWest Partners. “It’s important to align the interests of the investor and the inventor,” she explained. “I also encourage entrepreneurs, scientists and institutions that help entrepreneurs to think through the early team building and to consider how this enterprise will scale from two or three people to a successful company.” In cases where there is not be a good fit with venture investors, Kjellson suggested exploring alternative funding sources, such as foundations, grant-making nonprofit organizations and government agencies.

Panel: Venture Capital Investment Strategy

Venture capital investments play an important role in the diversification of overall investment portfolios, but fund managers often differ on their selection criteria and allocation strategies. “Venture investing fits me and what I like to do,” said Michael Jandernoa, who straddles both sides of the investment fence as the former
CEO of the Michigan-based drug manufacturer Perrigo Company and now as the co-founder of both Bridge Street Capital Partners and Grand Angels. “In Michigan, we have a tremendous history of entrepreneurs and many young people with great ideas. If we can give them the proper financial support and guidance, it will increase their chances for success.” While fund performance is critical, Jose Fernandez of StepStone indicated his firm is willing to consider first-time funds, if the emerging manager has had sufficient work experience and can show a differentiated strategy and access to deal flow. However, he cautioned managers about glossing over mistakes and using creative marketing to hide any shortfalls when talking to investment firms. Kevin Fedewa of the State of Michigan Retirement System reported that declining fund sizes have resulted in “a pretty big hit to our exposure to venture.” Although most of the venture funds in which he invests are on the East and West coasts, he noted that general partners are starting to fly to Michigan and the Midwest. Jon Norris of SVB Capital said he sees great opportunities to get involved with early stage funds in the Midwest, despite recent turmoil in the economic environment. “We’re seeing some interesting plays and becoming more active in providing banking services on both the VC and PE sides,” he said.

**Keynote Speaker: Kenneth R. Pelowski, Founder and Managing Partner, Pinnacle Ventures**

In venture capital investing, the top firms tend to produce the majority of industry profits and are able to perpetuate their high-flying success through repeat business, said Kenneth R. Pelowski, the founder and managing partner of Pinnacle Ventures, a Palo Alto, California-based private venture capital fund. “From 1997 to 2004, 50 venture investing firms, representing 4% of 1,200 firms, produced 77% of the profits in the industry,” he said. “Of those, 20 to 25 firms, only 2%, produced almost 80% of the profits. What’s more, those top 50 firms have increased their share of the pot. I believe this trend will continue.”

This top-heavy scenario presents an interesting dilemma for companies in Michigan that want to get connected with one of those top 25 firms, Pelowski observed. “It’s possible, but it’s not easy,” he said, noting that some bright spots appear on the horizon. “I believe there is more activity in Michigan than most people are aware of, and certainly there are some well-known exits. There is starting to be some recognition in Silicon Valley of what we call high quality deals and exits in the state. That’s really important, because without it, it’s really hard to attract capital.” Pelowski, who grew up in Michigan and received his electrical engineering undergraduate degree and MBA from the University of Michigan, also noted that University research efforts and state initiatives, such as the Michigan 21st Century Investment Fund, are helping to move things in the right direction. “I owe a lot to the University and the state, because I was educated and trained here,” he said. “I have expertise in startups and venture capital that I think will help the University take world-class research and commercialize it, which will help the state’s economy as well.”

Pelowski, who is now launching his fifth startup, outlined what it takes to present and to successfully receive capital from some of the premier venture firms in the country. “It starts with really good technology,” he said. “And that technology has to have differentiation, be protected and create barriers. But what really matters most is that a company has to make a great product — not a good product, not a nice feature extension of a product, but a great product. And it has to have a big market — a billion a year. Below $500 million, it is not going to be ready, and from $500 million to a billion, it’s possibly ready.” Without these large opportunities, Pelowski said, the venture capital community cannot make the returns it needs. People who have proven experience as entrepreneurs, he added, are also an important part of the equation. “One of the greatest risk factors we have in a deal is a first-time CEO,” he said. “It’s a huge ‘con’ in our analysis because the risk of their raising capital is huge.”

Looking forward, Pelowski predicted that the trend toward venture investing in the health care and energy areas will play out well in Michigan, in part because the University has doubled its research spending in those two areas and the state is known for its core competencies in alternative energy, transportation and health care. “What we see — and thus what we think is the opportunity and why we come here — is a huge intersection, for the first time in my lifetime, of what Michigan is good at and what is important or interesting to the venture
community. I think that's a huge opportunity for the state.” At the conclusion of his remarks, Pelowski was presented with the Leaders and Best Award by MGCS founder and Ross School finance professor David J. Brophy.

Panel: Emerging Technologies And Opportunities

Emerging technologies offer a nearly unlimited horizon of entrepreneurial and venture investing opportunities, but tapping into that deep pool of possibilities requires creative thinking, perseverance and the right synergies, said a panel of industry experts. “We invest in early stage companies with really disruptive technologies,” said Annette Finsterbusch of Applied Ventures, who has focused on plays in energy storage, energy conversion and solar and non-solar fuel cells. With a background in software, business advisor and investor John Lovitt said he looks for products that represent the marriage of different technologies to solve some problem or to capture the “explosion of knowledge.” After 35 years at Johnson Controls, Thomas Dougherty believes many opportunities can be leveraged from the automotive sector where his new startup company, Monolith Engines, is developing specialized batteries and capacitors for use in electric and hybrid cars. Although rising gas prices will likely foster more creativity, Dougherty expressed concern about the long lead times for product development and the “missing conduit” to get new products through tier 1 and 2 suppliers to OEM manufacturers.

Andrew Basile Jr., a West Coast attorney, said that Michigan firms could get more traction by sticking with secondary and tertiary entrepreneurial activities, such as service companies. “I’ve concluded that we [in Michigan] are not poised to exploit the Silicon Valley model of new company creation,” he said. “We need to have smaller companies doing smaller deals.” In addition to utilizing the existing expertise in the automotive industry, he suggested new ventures might capitalize on opportunities associated with aging Baby Boomers by focusing on the personalized delivery of health care services into homes.

Panel: Preparing Your Company For Its Initial Venture Financing

Seeking venture financing may or may not be the right decision for an entrepreneurial company, said panelists who represented both the giving and receiving ends of the deal making. Although the infusion of capital may benefit an early stage venture, “there is no free lunch,” cautioned Doug Camitta of the law firm Pepper Hamilton. “How you run the company will change when you sign up with a venture capitalist. There will be oversight and information reporting requirements.” Serial entrepreneur Vinay Gupta, who is now on his fifth startup, Janeeva, said the decision often depends on whether a great deal of money is required to bootstrap a new venture and whether the entrepreneur is willing to give up equity in return for venture financing. Rand Mueller, the CEO and co-founder of Guidepoint Systems, said he used venture capital financing in half of the 13 companies he has started thus far. “Find the money guy who understands your business and vision, and be sure you have good chemistry with them,” he advised. “Some fit, some don’t.” Venture capitalists, on the other hand, are looking for good deals that will pay off for their own investors. “Can your business be sold for $250 million?” asked Jeff Bocan of Beringea. “VCs want to make 10 times their money back, so that’s the point where a deal becomes attractive.” Getting in the door of a venture capital firm is often the hardest first step, however. “This is a people business,” Camitta said. “To get into a VC firm, figure out whom you want to meet and who knows that person and can introduce you.” Dave Fachetti of Globespan Capital Partners advised entrepreneurs to investigate other factors such as sector expertise, fund cycle and recent deals to determine how their company would fit into the venture firm’s investment mix.

Panel: Lessons From The Trenches: The Outlook For U.S. Venture Capital

Faced with overheated competition in Silicon Valley and other research corridors and triangles, venture capital investors are turning their attention to Michigan and the Midwest, a panel of venture investors said. “We don’t want to compete on the basis of term sheets with wonderful firms along Boston’s 128 Corridor because deals are too high priced,” said Jeanne Sullivan, a general partner of StarVest Partners in New York City. “We like to have a strong local partner on the ground here, especially when we’re investing in an early stage venture,” said Alison de Bord of San Francisco-based Alta Partners. David Parsigian, a partner at the law firm of Honigman Miller Schwartz and Cohn, noted that “things are a lot different in Michigan than they were five years ago.” The more widespread availability of capital is helping to spur the growth of firms that can help entrepreneurial companies, he said, adding, “We have great critical mass growing in our region.” One of the biggest challenges facing venture capital firms is defining their sector focus. “At the end of the day, we’re all trying to figure out where the puck is headed and how to carve out some sub-sector,” Karleski said. “Being diversified helps us to avoid pitfalls.”
Turning Business Dreams into Reality

Michael Edison, MBA/MS ’08
I came to Michigan to pursue a dual master’s degree in business and natural resources and environment through the Erb Institute for Global Sustainable Enterprise. My interest in entrepreneurship was piqued by the realization that new business ideas and models will be needed to create a more sustainable future. Through the Zell Lurie Institute, my partner and I received a $2,500 Dare to Dream grant to help us develop our concept for a “green” building products store. We honed our business plan and pitch at the Michigan Business Challenge and received helpful feedback. As a Marcel Gani intern with Energy Conversion Devices, I sharpened my skills in evaluating the market potential, financing options and resources needed to launch new businesses in the renewable energy technologies industry.

Maya Patel, BBA ’08
I transferred to the Ross School of Business from the College of Literature, Science and the Arts in my junior year. I was attracted to the Ross School by its structured coursework, excellent career counseling and helpful workshops on resume writing and interview techniques. My decision was also impacted by the many success stories I’d heard about people who have graduated from the School. Over the summer, I landed a Marcel Gani Internship at GoKnow!, an Ann Arbor-based, K-12 educational software company, where I helped to formulate and implement its first real sales-marketing plan. This experience gave me an insider’s view of the challenges faced by a small entrepreneurial company.

Mike Lung, MBA ’08
The opportunity to serve on the Wolverine Venture Fund initially attracted me to Michigan’s Ross School of Business. Over the past year, I have learned how to evaluate new businesses, as well as the process venture funds utilize to source new deals. My WVF background enabled me to land a Marcel Gani Internship at Plymouth Venture Partners, an Ann Arbor-based mezzanine fund, where I am performing investment due diligence and financial analysis. My internship has broadened my investment skill set and career options, and will help me secure a full-time position in traditional or alternative investments after I graduate.

Excitement about Entrepreneurship and Venture Capital Investment continues to flourish at Michigan. Students who wish to learn more about the Institute and its Center for Venture Capital and Private Equity Finance may schedule an office hours appointment with a staff member online at www.zli.bus.umich.edu. Business leaders who would like to become involved as a mentor, tap the unique skill-set of our students for a project, or participate in an upcoming event, may contact us at zlicontact@umich.edu for further information on how to get involved.
MICHIGAN
ROSS SCHOOL OF BUSINESS

Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies

Center for Venture Capital & Private Equity Finance

701 Tappan Street
Ann Arbor, Michigan 48109-1234
(734) 615-4419
www.zli.bus.umich.edu

EXECUTIVE COMMITTEE
Robert J. Dolan  President, Zell Lurie Institute
Timothy Foley  (ex-officio), Department of Marketing
Thomas Kinneer  (ex-officio)
David Brophy  Department of Finance
Michael Gordon  Department of Business Information Technology
Andy Lawlor  Department of Strategy
Len Middleton  Department of Strategy
James Price  Department of Entrepreneurial Studies

STAFF
Thomas Kinneer, Executive Director
Timothy Foley, Managing Director
David J. Brophy, Center for Venture Capital & Private Equity Finance
Thomas S. Porter, Executive in Residence
Mary Nickson, Communications Manager, M Entrepreneur Editor
Paul Kirsch, Program Manager
Rachel Ulrich, Program Coordinator
Marybeth Davis, Program Assistant
Carolyn Maguire, Administrator

ADVISORY BOARD
Keith Alessi, Westmoreland Coal Company
Eugene Applebaum, Arbor Investments Group
John Barfield, The Bartech Group, Inc.
Jonn Behrman, Serial Entrepreneur
D. Theodore Berghorst, Vector Securities International, LLC
Paul Brentlinger, Mergenthaler Ventures
Kenneth Buckfire, Miller Buckfire & Co., LLC
Mary Campbell, EDF Ventures, LP
Dwight Carlson, Coherix, Inc.
Thomas Darden Jr., Reliant Equity Investors
Hal Davis, Entrepreneur & Investor
Richard Eidswick, Arbor Partners
Stanley Frankel, Frankel Associates
Marcel Garin, Santa Clara University
Jan Garfinkle, Arboretum Ventures
Michael Hallman, The Hallman Group
John Kennedy, Autocorn Corporation
Bradley Keywell, Echo Global Logistics, LLC
Hans Koch, KZK Development, LLC
Ann Lurie, Lurie Investments
Steven McKean, Acceller, Inc.
Clyde E. McKenzie, Tellurex Corporation
Mitch Mondry, M Group, Inc.
Marvin Pames, University of Michigan
Richard Rogel, Tomay, Inc.
Michael Staebler, Pepper Hamilton, LLP
Marla A. Thompson, T/J Technologies
Samuel Valenti III, Valenti Capital
Ronald N. Weiser, Ambassador, McKinley Associates, Inc.
Jeffrey Williams, HandyLab, Inc.
Warren P. Williamson, Skye Management
Samuel Zell, Equity Group Investments
Thomas Zurbuchen, University of Michigan