I invite you to share our sense of accomplishment in creating many exciting opportunities for students at the Ross School of Business to engage in real-time, real-world entrepreneurial and seed and venture-capital investment experiences throughout their academic careers at the University of Michigan. These students broaden their understanding of the innovation process and the challenges of new-business creation through their exposure to, and collaboration on joint projects with, other students from the University’s top-ranked College of Engineering and School of Medicine. I am pleased to report the continued growth and success of our two student-led investment funds, internship program, funding for student start-ups, and business plan competitions. Together, these initiatives help to foster business ideation and development while students earn their degrees. Thank you for your participation and support, which have kept Michigan’s Zell Lurie Institute ranked among the top 10 entrepreneurial-education institutions at business schools nationwide. I welcome the continued engagement of business and investment leaders in our alumni community, as well as those who remain loyal friends of the Institute.
The Student-Run Wolverine Venture Fund Provides Financing, Strategic Guidance and Support to Emerging Companies and Lays the Foundation for Future Business Growth

The Wolverine Fund (WVF) continues to be the only student directed venture fund associated with a business school. With the help of eight alumni advisors, alumni fund manager Mary Campbell, and under the guidance of managing director Tom Kinnear, the WVF has invested an additional $25,000 in Nanocerox to provide capital for the company’s efforts toward the commercialization of nano ceramic oxide based materials. These materials have applications in the laser, military, and energy markets, and in the detection of counterfeiting.

WVF typically provides $50,000 to $200,000 in seed and first-stage funding rounds in a syndicate with other venture capital funds and angel investors. “Wolverine Venture Fund provides our MBA students with front-line experience evaluating business plans, conducting due diligence and managing investments,” stated Tom Kinnear. “It also brings experience, advice, skills and funding dollars to some of the most promising new companies. Over the course of our investment history, WVF has played an important role helping portfolio companies go onto significant funding events such as IPOs and million dollar funding rounds with the country’s most prestigious venture capital firms.”

The Wolverine Venture Fund (WVF), launched in 1997, is the first student-run venture fund in the United States and a signature program of the Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies (part of the Stephen M. Ross School of Business at the University Michigan). The WVF is thankful to the venture funds who support participation of the Fund in their deals and to the advisors for their leadership and guidance. The WVF welcomes the addition of Marc Weiser of RPM Ventures and Mina Sooch of Apjohn Ventures to the Funds Advisory Board.

**WVF Investment Activity**

<table>
<thead>
<tr>
<th>Portfolio Investments</th>
<th>Investment Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Flow Medical, March 2005</td>
<td>EDF Ventures</td>
</tr>
<tr>
<td>HandyLab Inc. August 2000, November 2001,</td>
<td>EDF Ventures, Arboretum Ventures, Ardesta, Pfizer Ventures</td>
</tr>
<tr>
<td>SilverPop Systems, August 2000</td>
<td>Draper Fisher Jurvetson</td>
</tr>
<tr>
<td>Mobius Microsystems, April 2004</td>
<td>Waypoint Ventures, Angel Funds</td>
</tr>
<tr>
<td>PanCel, March 2003</td>
<td>ARCH Development Fund, White Pine Ventures</td>
</tr>
<tr>
<td>NanoCerox, Inc., November 2005, December 2006</td>
<td>Angel Funds</td>
</tr>
<tr>
<td>NanoBio, March 2006</td>
<td>Angel Funds</td>
</tr>
<tr>
<td>Rhevision Technology, March 2006</td>
<td>EDF Ventures, In-Q-Tel Ventures</td>
</tr>
</tbody>
</table>
Fund Award Recipient
This year Amy Mecozzi, MD/MBA ’07 was honored with the David Shelby Award for her leadership of the Fund. The award is granted in honor of the WVF’s first alumni manager and co-founder, David Shelby, to the student or students who are deemed to have provided outstanding leadership for the benefit of the WVF. As a dual degree graduate of Business and Medicine, Amy provided tremendous perspective during the due diligence process.

WVF Student Members
MBAs ’07
Kaiser Chen
Lawrence Cho
Jerry Fan
Erik Franks
Munish Gandhi
Amy Mecozzi (MD/MBA ‘07)
Rajesh Nayak
Suresh Seshadri
Jim Wang
Juandria Williams (PhD ‘07)
Grace Wu

MBAs ’08
Ryan Baxter
David Forsythe
Karl Kyriss
Catherine Lee
Jing Liang
Mike Lung
Aaron Nelson
Kati Prause
Deborah Robbins
Sahana Shetty
Vikram Vaishya
Devi Vijayakumari
Christopher Wilson

WVF Advisory Board
Mary Campbell, EDF Ventures – Alumni Fund Manager
William Johnson, In-Q-Tel Ventures
Timothy Mayleben, ElMa Advisors
Timothy Petersen, Arboretum Ventures
Mina Patel Sooch, Apjohn Ventures
Donald Walker, Arbor Partners
Steven Weinstein, Prism Venture Partners
Marc Weiser, RPM Ventures

WVF Faculty/Staff
Thomas Kinnear, Faculty Advisor
Carolyn Maguire, Administrator
Frankel Commercialization Fund: Ross School Student Teams Help U-M Inventors in Health Care and Technology Bring Their Ideas to the Marketplace

The Frankel Commercialization Fund (FCF) is a pre-seed investment fund established to identify and accelerate the commercialization of ideas generated within the University community. The Fund places teams of MBAs with University of Michigan researchers. The team adopts a hands-on approach to investing that uniquely leverages the talents and resources available at the Stephen M. Ross School of Business at the University of Michigan to make a real impact for the entrepreneur and the University.

Two student teams, one specializing in health care opportunities and the other in technology, each have about $60,000 to use as seed funding for an inventor with an idea or technology that has the potential to become a sizeable and rapidly growing company or product line. The teams also work closely with the U-M Office of Technology Transfer for university-owned ideas that are in the process of commercialization. Participants evaluate and invest in early stage entrepreneurial opportunities, and learn about the commercialization evaluation process and how to be a seed investor.

The teams are mentored by Tom Porter, the Fund’s managing director and executive-in-residence at the Institute. The Frankel Fund’s advisory board, made up of alumni and supporters of the Ross School who have been successful in developing early-stage companies, markets and technologies, provides the student teams with expertise and mentoring to maximize learning and to help insure success.

FCF Student Members

**Health Care Fellows**
- Travis Coy (MBA ’08)
- Mark De Long (MBA ’07)
- Delara Godrej (MBA Evening)
- Andy Hastings (MBA ’08)
- Scott Petersen (MBA ’07)
- Anjani Shah (MBA ’08)
- Michael Tarasev (MBA Evening)

**Technology Fellows**
- Punit Chiniwalla (MBA ’08)
- Jason Dishlip (MBA ’08)
- Thomas W. Fry (MBA ’07)
- Gregg Hammerman (MBA ’07)
- Brendan Lippman (MBA ’07)
- Heath Silverman (MBA ’08)
- Carl Timm (MBA ’07)
- Michael Urcan (MBA ’08)
- Hector Vayanos (MBA ’07)

FCF Advisory Board

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

**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

“My experience in the Frankel Fund has been the most enriching aspect of my MBA education. The unique blend of real world experience infused with academic structure has helped to solidify both my classroom knowledge and ability to add value to the early-stage technology commercialization process. Additionally, my interactions with Thomas Porter (Fund Manager), the fund mentors, and even potential fund recipients have helped me to identify the area in which I’d like to apply my MBA skills immediately following school, and how to best articulate this desire to potential employers.”

Carl Timm (MBA ’07)
Intensive Courses in Venture Capital and Private Equity – Hot Industries Where MBA Graduates Want to Land Jobs

Recognizing the growing interest in alternative finance, the Ross School offers undergraduate and graduate courses, as well as coaching and networking assistance, that prepare students for careers in venture capital, private equity and mergers and acquisitions.

“More wealth is created through mergers and acquisitions of companies than through start-ups,” says J. Michael Davis, MBA ‘93, the president and CEO of Wolverine Capital Partners, based in Birmingham, Michigan. His course, “Entrepreneurship via Acquisitions,” provides a pragmatic orientation to entrepreneurship through the acquisition of a company and addresses related issues, such as acquisition restructuring and the LBO search fund. Davis introduces students to his well-established network of successful entrepreneurs, who bring to the classroom a real-world perspective based on their day-to-day M&A activities. During his course, Davis asks MBA teams to prepare acquisition plans for companies they’d like to acquire or for M&A deals that have been consummated. He also provides informal one-on-one coaching during and after the two-year MBA program to help entrepreneurial students get over the hump of their first or second acquisition.

Finance Professor David J. Brophy, who has served for years as an advisor to venture funds, as well as mentor to entrepreneurs, brings his wealth of personal experience and extensive network connections to his finance classes. In “Entrepreneurial Finance,” undergraduates get a thorough grounding in the principles and processes of the venture capital and private equity finance market. At the graduate level, they delve deeper into venture-capital market structure and examine “live” case studies that afford them access to real information and real people in Brophy’s class on “Venture Capital Finance.” As part of his third course, “Private Equity Finance,” MBAs compete in the Michigan Private Equity Competition with the objective of creating an investment pitch for a public-to-private investment candidate.

“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,” says Brophy, who is director of the Center for Venture Capital and Private Equity Finance at the Zell Lurie Institute. “Since it is difficult to place them right into venture-capital funds and private-equity funds upon graduation, I put them in contact with our alumni. In effect, I play a role as a placement office.”
Entrepreneur of the Year Award for an MBA
Gus Simiao (MBA '07) was awarded a $1,000 gift as the MBA Entrepreneur of the Year. As a student at the University of Michigan, he has been dedicated to developing his company VIVACE. The aim of the company is to develop large scale converters that extract energy from flowing water such as the Gulf Stream where thousands of offshore oil wells are located and can derive their energy needs from their immediate environment. While earning his degree at Michigan, Gus competed in four business plan competitions and received $7,200 in prize money in addition to a total of $11,000 in Dare to Dream grants which helped to foster the growth of his company.

Scholarship Awards
The Samuel Zell Scholarship and Mitchell Mondry Scholarship Awards, presented in September 2006, awarded each second-year MBA student $5,000 towards his or her tuition and each incoming student with a $10,000 award. The award 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
MBAs 2008 - $10,000
Jason Dishlip
Heath Silverman

MBAs 2007 - $5,000
Mark Delong
Tom Fry
Munish Gandhi
Gregg Hammerman
Nate Johnson
Amy Mecozzi
Pavan Tapadia
Michael Tarasev
Carl Timm
Ian Withrow

Mitchell A. Mondry Scholarship Awards
MBAs 2008 - $5,000
Karen Biddle
Joseph Liu

MBAs 2007 - $5,000
Shaily Baranwal
Suhas Ghuge

Institute Scholarship Awards
MBAs 2007 - $5,000

Entrepreneur of the Year Award for a BBA
Each BBA recipient received a $500 award gift. Anthony Addessi and Halley Hilboldt (BBAs '07) were the recipients of the award for outstanding BBAs in entrepreneurship. Anthony has worked on several entrepreneurial projects while at Ross and has the ability and drive for achieving success. Halley has a strong entrepreneurial spirit and the necessary balance of knowledge, ability and skills to become a successful entrepreneur.

These MBA and BBA awards were made possible through the generosity of Ron and Eileen Weiser
Internships: Gaining Real Life Perspective Working at Start-up and Venture Capital Firms

The Marcel Gani Internship Program immerses MBAs in start-up companies and venture capital firms across the United States and in other countries. This spring the program placed and funded 18 MBAs among 17 host companies, including five venture capital firms. In addition, six students conducted four week-internships at Ann Arbor SPARK, focused on advancing the regional organization, which provides resources to support the development of new businesses.

The real life approach enables students to apply the concepts they learn in the classroom as they explore their own interests and test their abilities in an entrepreneurial setting. Michigan students learn about new technologies, work directly with company founders, co-founders and CEOs, and glean knowledge from their mentors’ insights and experiences. In turn the companies benefit from the students’ insights and strategic recommendations they otherwise might not obtain.

Internship Placements – 2007

<table>
<thead>
<tr>
<th>Company</th>
<th>Intern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acumen Fund (U-M WDI Partnership) – NY</td>
<td>Molly Christiansen</td>
</tr>
<tr>
<td>Apjohn Venture Fund, LP – MI</td>
<td>Rachel Weingrad</td>
</tr>
<tr>
<td>Asterand, Inc. – MI</td>
<td>Tao Zhang</td>
</tr>
<tr>
<td>Avidimer Therapeutics, Inc. – MI</td>
<td>Delara Godrej</td>
</tr>
<tr>
<td>Capital Strategies Group, LLC – MI</td>
<td>Daniel Williams</td>
</tr>
<tr>
<td>Focus: HOPE (U-M Domestic Corp Partnership) – MI</td>
<td>Rajeev Soni</td>
</tr>
<tr>
<td>GoKnow Learning – Michigan</td>
<td>Maya Patel</td>
</tr>
<tr>
<td>Kwiry, Inc. – California</td>
<td>Shashank Mara</td>
</tr>
<tr>
<td>Michigan</td>
<td>Tim Johnson-Aramaki</td>
</tr>
<tr>
<td>Asterand, Inc. – MI</td>
<td>Adam Little, Aaron Nelson</td>
</tr>
<tr>
<td>Mexico (U-M Domestic Corp Partnership) – MI</td>
<td>Michael Edison</td>
</tr>
<tr>
<td>MNI Systems – MI</td>
<td>Michael Lung</td>
</tr>
<tr>
<td>Ovonic Portable Systems – MI</td>
<td>Merrill Guerra</td>
</tr>
<tr>
<td>Plymouth Venture Partners – MI</td>
<td>Robert Flynn</td>
</tr>
<tr>
<td>RealKidz Clothing – MI</td>
<td>Punit Chiniwalla</td>
</tr>
<tr>
<td>Richardson Development Group – VA</td>
<td>Venu Appana, Sharad Agrawal, Greg Kasmer, Nihar Satapathy, Khalfani Garcia, Mahesh Sundaram</td>
</tr>
<tr>
<td>RPM Ventures – MI</td>
<td>Vikram Vaishya</td>
</tr>
<tr>
<td>SPARK – MI</td>
<td>Min Jung Shin</td>
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</tbody>
</table>

Action-Based Learning Initiatives

- Molly Christiansen
- Rachel Weingrad
- Tao Zhang
- Delara Godrej
- Daniel Williams
- Rajeev Soni
- Maya Patel
- Shashank Mara
- Tim Johnson-Aramaki
- Adam Little, Aaron Nelson
- Michael Edison
- Michael Lung
- Merrill Guerra
- Robert Flynn
- Punit Chiniwalla
- Venu Appana, Sharad Agrawal, Greg Kasmer, Nihar Satapathy, Khalfani Garcia, Mahesh Sundaram
- Vikram Vaishya
- Min Jung Shin
Competitions: Making Solid Business Concepts a Reality

Competitions offer students the opportunity to develop and present their business plans, receive feedback from skilled entrepreneurs and faculty, and be rewarded with funding and support. With financial support and mentoring from the Zell Lurie Institute, students are encouraged to hone their skills, test new business concepts, expand their networks, and win cash awards by participating in the University of Michigan's business plan competition, as well as intercollegiate, business plan, venture capital and case writing competitions.

Michigan Business Challenge – The University of Michigan Business Plan Competition

The Michigan Business Challenge (formerly the Pryor-Hale Business Plan Competition) engages students from across campus through multiple rounds of competition in which they transform their business ideas into credible business plans. The process is supported by training and the plans are shaped by feedback from the judges. Thirty six teams submitted business plans for the first round of competition in December. Eight semi-finalists competed in the final round held on February 16, 2007. The 24th Michigan Business Challenge awarded a total of $37,000 in prize money.

Pryor Award for Best Business $15,000, ILIR Social Impact Award $3,000 and Outstanding Presentation $2,500 - Shalay Baranwal and Suhas Ghuge (MBAs '07)

Elevate Learning: Online instruction program for K-12 schools and school districts

Runner-up for Best Business $5,000 - Merrill Guerra (MBA '08)

RealKidz Clothing: Clothing line and online social network for plus-sized children and their families

Williamson Award for Outstanding Business and Engineering Team $5,000 - Michael Barfuss (MBA '07), Jason Gilbert, and Judy Yu (Ph.Ds ‘08)

MSignS: Enables real-time IP-based translation from spoken English to American Sign Language

Outstanding Presentation $2,500 - Nate Johnson and Carl Timm (MBAs '07)

Locomatix: Provides real-time asset tracking software to the retail supply chain and healthcare industries

Outstanding Written Plan $2,500 - Michael Edison (MBA/MS '08), Adelaide Egan (MBA '08), Matthew Garratt (MBA/MS ‘08)

Well-House Home & Building Supply: Single source for information and supplies for building professionals and homeowners to execute green home projects

Honorable Mention $500

Brewster Boyd (MBA/MS ’09)

Forest Eye: Delivers forest inventory assessment and asset utilization recommendations using remote sensing technologies for forestland owners.

Adam Litle (MBA/JD ’08) and Aaron Nelson (MBA ‘08) and Gayatri Perlin (Ph.D. ‘07)

MNI Systems: Develops and manufactures micro-neural electrical interfaces that monitor and stimulate targeted cells throughout the central and peripheral nervous system.

Carolyn Ceccoli (MBA ‘07), Rohan Mendonza (MBA ‘08), and Barbra Perlstein (MBA ‘07)

PWR: Professional Women’s Resource: Publishes a magazine for young professional women featuring practical career advice, tips for success, and work appropriate style trends.

Michigan Business Challenge Judges

Jim Adox, Venture Investors; Jack Ahrens, TGap Ventures; Jim Baker, Michigan Technology University; Michael Cole, Bank of Ann Arbor; Mike Davis, Wolverine Capital Partners; Art Demonte, Great Lakes Entrepreneurship Quest; Diane Durance, Ann Arbor IT Zone; Charles Fry, Innovative Farmers of Ohio; Chris Gibbons, Sensicare; Ann Harrington, Ross School of Business; Mary Sue Hoffman, MI-SBTDC; 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, MI-SBTDC; Len Middleton, Ross School of Business; Andy McColm, University of Michigan; Mitch Mondry, M Group; Charlie Penner, MI-SBTDC; Mark Petroff, Marketing Associates LLC; Mahendra Ramsinghani, Plymouth Venture Partners; Chris Rizik, Ardesta; Mike Rodocker, Just-In-Time CFO Solutions, LLC; Chuck Salley, CAS Ventures; Larry Schmitt, Inovo; Steve Schwartz, Inov; Phil Teply, MI-SBTDC; Don Walker, Arbor Partners; Marc Weiser, RPM Ventures; Walt Young, Plymouth Venture Partners
University of Michigan Quick Pitch Competition

The sixth annual Competition was held on January 27, 2007. Competitors from across the University had three minutes to convince a panel of venture capitalists of their businesses’ pending success. The competition was hosted by the Entrepreneur and Venture Club in conjunction with the 2007 FuturTech Forum and was sponsored by the Zell Lurie Institute.

First Place $500
MNI Systems: Adam Litle (MBA/JD ’08) and Aaron Nelson (MBA ’08)

Second Place $300
PWR: Professional Women’s Resource: Barbra Perlstein (MBA ’07)

Third Place $200
Forest Eye: Brewster Boyd (MBA/MS ’09)

Intercollegiate Business Plan, Case and Venture Capital Competitions

The Zell Lurie Institute sponsored and coached 31 University of Michigan students on 14 different teams to compete in 16 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. This year, teams representing the University of Michigan were rewarded over $22,000 in prize money and in kind.

Ball State University
Nascent 500 Business Plan Challenge (March 23)
Wolverine Lens: Erin McCann, Dan Brachfield, Matthew Ransweiler (BBAs 2007) - $3,000

Boise State University
Northwest Venture Championship (March 22)
Real Kidz: Merrill Guerra (MBA ’08) - $100

Carnegie Mellon
McGinnis Venture Competition (March 15)
Savium: Lora Schulwitz (PhD EE ’07) and Anuj Agarwal (MBA ’07) - $1,000 in cash and $5,000 in kind

Rice University
Business Plan Competition (March 22)
Elevate Learning: Shaily Baranwal and Suhas Ghuge (MBAs ’07) - $750

University of Manitoba
Stuart Clark Venture Challenge (March 29)
PWR: Professional Women’s Resource: Barbra Perlstein (MBA ’08), Carolyn Ceccoli (MBA ’08) and Rohan Mendonza (MBA ’09) - $3,000

University of Nebraska
New Ventures World Competition (February 22)
Go Tyro: Josh Bartlett (PhD CS ’08) and Andrew Lapsa (PhD Aerospace ’09)

University of Oregon
New Venture Championship (April 12)
VIVACE: Gus Simiao (MBA ’07) - $3,000

University of San Francisco
International Business Plan Competition (March 28)
MNI Systems: Gayatri Perlin (PhD EE ’07) and Adam Litle (MBA/JD ’08) - $1,000

University of Texas, Austin
MOOT CORP Competition (May 2)
Elevate Learning: Shaily Baranwal and Suhas Ghuge (MBAs ’07)

Wake Forest University
The Elevator Competition (March 31)
Forest Eye: Brewster Boyd (MS/MBA ’09) - $1,000

ABI Corporate Restructuring Competition (January 24)
Jonathan Bobb, Erik Franks, Justin Manly and Brian Stearns (MBAs ’07)

Clean Tech Innovation Challenge (February 28)
VIVACE: Gus Simiao (MBA ’07) - $1,000

HKUST International Business Plan Competition (May 4)
VIVACE: Gus Simiao (MBA ’07) - $3,000

Jungle Media Group, New York City
Jungle Business Plan Challenge (April 20)
Elevate Learning: Shaily Baranwal and Suhas Ghuge (MBAs ’07)

Sustainable Venture Capital Investment Competition (January 26)
Michael Baratoff (MS/MBA ’08), Molly Christiansen (MPH/MBA ’08), Michael Edison (MS/MBA ’08), Matthew Garratt (MS/MBA ’08) and Andrew Hastings (MBA ’08) - $1,000

Venture Capital Investment Competition (February 8)
Andrea Bell (MBA ’08), Eugene Lee (MBA ’08), Adam Litle (MBA/JD ’08), Vikram Vaishya (MBA ’08) and Sriram Viji (MBA ’08) - $1,000
Dare to Dream Grants for Student Start-ups: Catalyzing Business Ideas

The Dare to Dream Grant program awards student teams for different phases of business development: ideation, assessment and integration (pre-launch/launch). Students that have received grant monies this year represent undergraduate and graduate business students as well as students from outside the Ross School of Business. In 2006-07 the Dare to Dream program distributed a total of $107,000. Support for this program is provided by the Ann and Carmen Adams Fund of the Community Foundation for Southeastern Michigan and also Eugene Applebaum, founder of Arbor Drugs and president of Arbor Investments Group.

Award Recipients – Fall 2006/Winter 2007

Integration Grants $10,000

Blaze Medical Devices: Develops blood analysis devices.
Michael Tarasev (MBA Evening) and Michael Bernitsas (Professor)

Elevate Learning: One-to-one online instruction programs for K-12 schools and school districts
Shaily Baranwal and Suhas Ghuge (MBAs '07)

MNI Systems: Develops and manufactures implantable micro-scale electrodes for healthcare R&D
Adam Litle (MBA/JD '08), Aaron Nelson (MBA/Master in Japanese Studies '09), and Gayatri Perlin (Ph.D. '07)

PWR: Professional Women’s Resource: Magazine offering career advice to young professional women
Carolyn Ceccoli (MBA '07), Rohan Mendonza (MBA '08), and Barbra Perlstein (MBA '07)

RealKidz Clothing: Clothing line and online social network for plus-sized children and their families
Merrill Guerra (MBA '07)

VIVACE: A provider of alternative electricity to locations near water currents
Animesh Agarwal and Gus Simiao and (MBAs '07)

Integration Grants $5,000

Forest Eye: Developers of a suite of cutting edge remote sensing and spatial technologies to build inventory assessments and asset utilization plans for forestland owners
Brewster Boyd (MBA/MS '09)

Locomatix: Middleware that handles large quantities of data produced by location-based technologies
Nate Johnson and Carl Timm (MBAs '07)

Assessment Grants $1,500

Anniversary Manga: Personalized e-manga highlights of memorable moments.
Tatsuyoshi Matsuura and Hiroka Mizuno (MBAs '07), Takashi Mizuno and Naomi Suzuki (MBAs Evening)

ArtisanFare.com: Website for small, regional makers of food and wine to promote their products
Robert Fetter (MBA '08)

Boomers Fitness: Franchise system of health and fitness clubs for baby boomers
Neal Sharma (MBA/JD '09) and Sahana Shetty and Jeremy Zasowski (MBAs '08)

Bust Out: A designer of proportioned dress shirts for women
Jennifer Anderson (MBA '08) and Vidhya Prakash (MBA '08)

Caring Counseling: Provider of high-quality, low-cost mental health care to people with low income
Mahesh Chandrappa (MBA '08), Rekha Desai and Rabindar Subbian (MBA '08)

Custom Car Glass, LLC: High-quality custom cut glass for builders and restorers of street rods.
Jason Townsend (MBA '10)

Forest Eye Consulting
Brewer Boyd (ERB MBA/MS '09) and Peter Tittman

Health Base: A network of service centers providing health care services in India
Sandeep Chauhan, Alan Chiniwalla, Antony Ouyang (MBA '08), Dayna Sanitoro (MBA '08) and Mohammad Syed

IX Systems: Providers of microchip design and modeling software for high speed digital designers
Brian Degnan and Aaron Nelson (MBA/Master in Japanese Studies '09)

ManageMyLogistics.com: An online community for small to midsized businesses to access the same quality logistics services as large firms
Jeremy Maynor and Heath Silverman (MBAs '08)
MEMS-Based Microelectrode Arrays for Cochlear Prostheses: A provider of microelectrodes that enable both high-density neural stimulation and sensory feedback in cochlear prostheses
Gayatri Perlin (PhD '07)

MEMS-Packaging Foundry: Offers packaging research services that provide MEMS companies with the processing technology needed to bring MEMS products to market
Thomas Fry (MBA '07), Sang Woo Lee, Jay Mitchell and Akshai Rao (MBA '08)

Micro Neural Interfaces: Design microtechnology that can be implanted into brain tissue to record neural activity and bridge the nervous system for spinal cord injury patients.
Adam Little (MBA/JD '08) and Aaron Nelson (MBA/Master in Japanese Studies '09)

MyStyle: Styling consultations that leverage a user’s personal wardrobe and retail pieces
Catherine Lee (MBA '08) and Pan Lee

Rain Distributors: Product promotion that helps local merchants compete with mass merchants
David Parzen (MBA '08)

Real Kidz Clothing
Merrill Guerra (MBA '07)

ReceiptHub Inc.: Online tool for receipt access and management that leverages point-of-sale data
Ravi Dixit and Jaydeo Kinikar (MBAs Evening)

Review Master: Aggregates product reviews and ratings provided by internet users
Balachandra Deshpande (MBA Evening)

Savium Technologies: Design and production of low-cost, high-performance electronically scanned array radar systems Strengthening the Family
Anuj Agarwal (MBA '07) and Lora Schulwitz

Uses monthly publication, nationwide trade shows, and educational programs to help spouses and parents.
Kirk Derr (MBA '08)

Text Message Trivia: Allows cell phone users to play online trivia games
Michael Blais (MBA '08)

Well-House Home and Building Supply: Green building supply center
John Bucher and Michael Edison and Matthew Garrott (ERB MBA/MS '08)

Xmoxie: Online platform for real estate research and transactions
Robert Flynn (MBA '08), Alex Martinez (JD '07), and Raj Mummineni (MBA '09)

Opportunity Grants $500

Affordable On-Campus Summer Storage – Kevin Zhu (BS '07)

AKA Wireless Sensing Solutions – Kenneth Loh and R. Andrew Swartz (Ph.D.s '08) and Andrew Zimmerman (Ph.D. '09)

ArtiPan – Luis Salas (Ph.D. '09)

 Autonomous Internal Combustion Engines - Andreas Malikopoulos

BlazeScientific – Amar Basu (Ph.D. ’07)

Community Customized Designs – Ruchi Rikhi and Anay Shah (BBAs ’07)

eyMouse – Hirak Parikh (Ph.D. ’08) and Luis Salas (Ph.D. ’09)

Gas Options – Juandria Williams (Ph.D. ’07)

Home Counting – David Lorch (Ph.D. ’08)

InnovetTechnologies – Rohan Mendonza (MBA ’08)

Ifonebase – Jeremy Welland and Lynda Brown Journal Authors Network, Judy Yu (Ph.D. ’08)

MEMS Foundry – Jay Mitchell and Tzeno Galchev

MEMS Microphone – Robert Littrell (Ph.D. ’09)

Micro Neural Interfaces – Jianbai Wang and Gayatri Perlin, Miniature Integrated Biosensors Damon Hoff (Ph.D. ’07), Neuropharm Microdevices, John Seymour (MSE ’04)

NiTime – Wen-Lung Huang (Ph.D. ’07) Occupancy Monitor, Michael Martin (BS ’07), Potentia, Ruba Borno (Ph.D. ’07)

PowerTech – Tzeno Galchev SBT Chandrashekar Shankar (Ph.D. ’07)

Sentient, Warren Welch and Joseph Potkay Smart Solar Panel, Ivan Goenawan (MS ’08)

Solera Health – Thomas Steiner and Michael Voice (BSEs ’07)

Super Hydrophobic – Greg Sommer (Ph.D. ’08)

Tennis Ball Saver – Amelia Buerkle (Ph.D. ’07)
Entrepreneurial Multidisciplinary Action Projects: Course Credits Earned Beyond the Business School’s Borders Across the Globe

Entrepreneurial-studies students also had opportunities during 2006-2007 to work “down in the trenches” with business leaders in entrepreneurial start-ups, corporations, overseas companies, and non-profit organizations. As part of the Michigan MBA program, first-year students are assigned to multidisciplinary action projects (MAP) for seven weeks at sponsoring companies. MAP teams execute high-level management assignments, such as developing business plans, identifying new product opportunities and formulating strategies for market entry. Entrepreneurial MAP opportunities comprised 6 of the 82 MAP projects offered and engaged 29 students.

Entrepreneurial MAP
Company Hosts – 2007

Domestic
Chiasma, Inc. – Massachusetts
Project: Analyze new business opportunities for developing technology.
MBA Team: Ryan Baxter, Yi Han, Harsh Vardhan Nahar, Yuiko Ono and Christopher Ward

INVIA – Michigan
Project: Develop new marketing opportunities for medical imaging technologies.
MBA Team: Venu Appana, Srikanth Maddipati, Jeremy Maynor, Yun Yan and Tao Zhang

Velocys – Ohio
Project: Evaluate market opportunities for new technologies.
MBA Team: Michael Edison, Katherine Fouts, Vanessa Frey, Matthew Garratt and Michael Hartley

Vyalex – Maryland
Project: Marketing plan development.
MBA Team: William Doll, David Giannino and Wen Tang

International
Resident Companies of Ireland-based Incubators
Kneat Solutions – Ireland
Project: U.S. market penetration strategy.
MBA Team: Tamara Conway, Bridget Kipnis, Swapneel Kshetramade, Sachin Master, Nicholas Proia and Jomo Thorne

Web Spirit – Ireland
Project: Technology assessment for online customer tools.
MBA Team: Adam Cooper, Grace Lee, Wendy Shen, Bo Wei and Wei Zhang
The Entrepreneur and Venture Club (EVC) is comprised of both undergraduate and graduate University of Michigan students that are dedicated to furthering their educational and professional goals as prospective entrepreneurs and investors in new ventures. The club offers its members the opportunity to actively network with potential employers, advisors, alumni and colleagues who have entrepreneurial, venture capital, and private equity interests.

2006-2007 Club Officers (MBAs ‘07)
Gregg Hammerman, Co-President
Hsiao-Lun Lin, Co-President
Joseph Liu, Vice President, Entrepreneurship
Ian Withrow, Vice President, Entrepreneurship
Munish Gandhi, Vice President, Venture Capital and Private Equity
Rajesh Nayak, Treasurer

2006-2007 Club Highlights

September 6 – EVC Kickoff Meeting
Over 120 MBAs, BBAs, and students from other schools on campus attended this informational meeting.

September 14 – Lunch and Learn: Todd Sullivan (MBA ’05), Spirit Shop, Inc.
Mr. Sullivan met with club members to talk about his experience raising funding for and starting a business, immediately after graduating from Ross.

September 22 – Entrepalooza 2006
This annual entrepreneurship symposium featured four panel discussions, three breakout, networking sessions; and two keynote speakers: John C. Kennedy (Exec MBA ’05), President and CEO of Autocam Corporation; and Jim Buckmaster, President and CEO of craigslist. At the symposium, Mr. Kennedy was presented with the Alumni Entrepreneur of the Year Award.

September 22 – Post Symposium Lunch and Learn: Entrepreneurial Alumni
Participating alumni included Ben Lewis (MBA ’05) of Google; Robert Mazur (MBA ’03) of B.A. Maze, Inc.; Eric Stoermer (MBA ’01) of Environmental Operating Solutions, Inc.; Todd Sullivan (MBA ’05) of SpiritShop; Sunil Thakur (MBA ’04) of WahIndia; and Sreeram Veeragandham (MBA ’04) of Gitega Capital. Alumni shared their experiences on launching while earning their degree and applying their entrepreneurial skills within innovative companies.

September 26 – Mingle and Match
Entrepreneurially inclined students looking for a way to connect with like-minded colleagues attended this casual, networking event where several student entrepreneurs presented one-minute overviews of their business ideas.

September 27 – Lunch and Learn: Tom Porter, Trillium Ventures and Zell Lurie Institute Executive in Residence
Mr. Porter discussed his 20+ years of experience founding, managing and advising successful technology growth companies.

November 3 – Lunch and Learn On the Road: Warren Buffet
Mr. Buffet hosted more than 150 members of the Entrepreneur & Venture Club where they toured two of his companies and had time to meet with the “Oracle of Omaha.” Mr. Buffet treated his guests to a steak lunch, answered questions presented by the group and posed for pictures with club members.

November 4 – Bowling and Business Idea Exchange
Club members were invited to socialize and share ideas for businesses while enjoying a few frames of bowling.

November 7 – Mingle and Match
Students interested in competing in the School’s Michigan Business Challenge took this opportunity to find team members or to join an existing team.

November 14 – Marcel Gani Internship Panel
Former interns spoke about their placements with startup companies and venture capital companies and answered students’ questions. Students also learned about new internships and how to apply for them.
November 16 – Guest Speaker: Samuel Zell, Equity Group Investments
Self-made billionaire Sam Zell spoke on characteristics of the modern entrepreneur and the challenges they face. He also shared his thoughts on real estate investment. Zell was listed by Forbes magazine in 2004 as the 247th richest person and the nation’s top landlord with 128 million square feet of office space and 225,000 apartments. A native Chicagoan, he is a graduate of the University of Michigan.

November 30 – Happy Hour with Ann Arbor SPARK
Entrepreneurs from the Ann Arbor community as well as club members met at this informal gathering to discuss early stage business opportunities.

January 24 – Guest Speaker: Ambassador Ronald Weiser
Students learned “The Secrets of Successful Entrepreneurs” from guest speaker Ambassador Ronald Weiser, the founder of McKinley and Associates. Ambassador Weiser founded McKinley and Associates, a national real estate investment company, in 1968. He has been responsible for acquiring and managing assets valued in excess of $3 billion, including more than 20,000 apartment units and over 7,000,000 square feet of commercial and real estate space. The Ambassador is a graduate of the University of Michigan. He served as the Ambassador to the Slovak Republic from November 27, 2001 to 2005.

January 25-26 – Quick Pitch competition at FuturTech
Business teams competed for $1,000 in cash prizes and presented their pitch to a panel of venture capital judges. The competition is hosted by the FurturTech Conference in conjunction with the EVC Club and is sponsored by the Zell Lurie Institute.

February 5 – Guest Speaker: David Morris, Co-Founder and Managing Director, Oracle Capital Partners

February 8 – Guest Speaker: Robert Wolfe, Founder, Moosejaw Mountaineering
Michigan-based Moosejaw Mountaineering, Inc. is one of the Midwest’s leading outdoor adventure retailers. Operations include six locations and six websites, Moosejaw.com, theJaw.com, theLowdown.com, Moosejawrewards.com, Adventurewatches.com, and CampMoosejaw.com.

February 13 – Future Business Leaders of America Presentation
Club officers spoke about their experiences in founding successful startups.

April 5 – EVC, Business Law Association, and Net Impact Social
Members from these three campus organizations met in an informal environment to explore collaborating on programs and events.

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

Participating Executives:
Thomas Darden, Managing Director, Reliant Equity Investors (November 16, 2006)
Charles Fry, Executive Director, Innovative Farmers of Ohio (February 8, 2007)
Michael Hallman, President, The Hallman Group (March 22, 2007)

MPowered entrepreneurship Launch!
The College of Engineering-based MPowered officially launched with membership comprised of both undergraduate and graduate students from a variety of schools and disciplines at the University, including Business, Law, Medicine, Economics, Humanities, Science, Architecture, Information, and the Arts. The club will host an Entrepreneurial Job Fair on October 2, 2007 which will showcase high-tech, high-growth start-up companies and businesses. See: www.umich.edu/~mpowered
Entrepalooza 2006: Dream Big
Symposium Draws Over 300!

Business leaders from across the nation joined students, alumni, and community members to learn about the many facets of entrepreneurship during Entrepalooza 2006: Dream Big. The annual symposium, held September 22 at the Michigan League, was co-hosted by the Entrepreneur and Venture Club and by the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies.

More than 300 participants attended the half-day event, which featured keynote speakers Jim Buckmaster, President and CEO of craigslist, and John Kennedy (Exec MBA ‘05), President and CEO of Autocam Corporation. Four panel discussions focused on topics of interest to aspiring entrepreneurs, such as founding and growing start-ups, driving innovation in well-established companies, investing in and acquiring companies, and exploring how to implement strategic growth in emerging industries.

More than 15 million people use craigslist each month to find everything from jobs and life partners to furniture and cars. When Craig Newmark founded craigslist in early 1995, “he wanted to give people a break,” Jim Buckmaster told the audience. The firm was incorporated as a for-profit in 1999. craigslist supports its operations by charging businesses below-market rates for help wanted ads in cities such as San Francisco, New York and Los Angeles and for broker apartment listings in New York.

“Craig still has zero interest in a business that makes a lot of money. We try to keep our business very simple, by keeping costs low, following up on users’ requests and molding the company based on what users are asking for,” explained Buckmaster, who joined the firm as lead programmer in 1999 — a job he found on craigslist — and has served as CEO since 2000.

“During the dot-com era, people made fun of us, but 99 percent of them are out of business. We’re doing well as a business, so there is no reason to push monetization to the max.” Buckmaster’s advice for others who want to launch an Internet business: “Start small, keep costs low and put a prototype in front of users so you get feedback. Avoid spending money on advertising until you know that you have a site that will appeal to people.”

In his keynote, Kennedy recounted Autocam’s ups and bumps since he purchased its assets from Autodie in 1988. In the late 1990s, at the urging of customers, Autocam expanded its footprint globally by purchasing competitors in Brazil and France. Today, less than 50 percent of the firm’s sales and manufacturing are in North America. An expansion into medical instruments in 2005 grew out of an Executive Multidisciplinary Action Project that Kennedy worked on with classmates in the school’s Executive MBA program for senior executives. He earned his MBA from the program in 2005.

“We do a market study of every market we’re in — fuel systems, power steering, airbags, medical instruments. We’re looking at the business very entrepreneurially, always asking ‘what can we do next?’ We target product segments likely to grow faster than the overall markets.” Currently, Autocam is working on a gasoline direct injection system, a hybrid that promises 25 percent better fuel economy than existing systems.

During the symposium MBAs learned they have a strong advantage when strategically planning new projects given their ability to combine their entrepreneurial instincts with strategic thinking and core skills learned in the MBA general management program. This uniquely positions them to excel at all types of businesses whether at a Fortune 500 company or their very own start-up.
2007 Michigan Growth Capital Symposium Draws More Than 400 Attendees: Leaders and Best Awards Given to Keynote Speakers

The rapidly changing economic climate in Michigan and neighboring Midwestern states presented a challenging, yet promising, landscape for the 2007 Michigan Growth Capital Symposium, celebrating its 26th year, which was held May 15 and 16 at the Marriott Eagle Crest Conference Center in Ypsilanti, Michigan.

“The state has made great progress over the last few years in generating fast-growth, knowledge-based companies,” said David J. Brophy, director and founder of the Michigan Growth Capital Symposium and professor of finance at the University of Michigan's Ross School of Business. He credited Michigan leaders for their efforts to foster the creation of new industries, businesses and jobs through the state’s two main venture-capital investment initiatives: the $95 million Venture Michigan Fund and the $109 million Michigan 21st Century Investment Fund.

This year’s symposium drew more than 375 angel and institutional investors, venture capitalists, entrepreneurs and university students, faculty and staff for two days of panel discussions, keynote addresses and networking. 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. Leaders and Best Awards were presented to Silicon Valley venture capitalists Ram Shriram of Sherpalo Ventures and Richard Wong of Accel Partners. In addition, representatives from 40 companies, specializing in information technology, life sciences and alternative energy, showcased their businesses. Since its inception, the MGCS has presented more than 750 companies to the investment community.

Keynote Speaker: Ram Shriram, Founder, Sherpalo Ventures

“A sherpa is someone who carries heavy payloads for low wages up tall mountains where the oxygen is scarce,” said Ram Shriram when he was asked why he chose the name Sherpalo Ventures for his Silicon Valley firm. As a “sherpa,” Shriram has coached many emerging companies, including Google. “Google wasn’t Google eight or nine years ago,” he recalled. “It was two wonderful, bright young men at Stanford working on their Ph.Ds. I ran into them in the elevator while I was going up to talk to one of their professors about a different company.” In a nutshell, Shriram said, Google's success story has revolved around great hiring, good execution, great vision, and growing ambition.

Turning his attention to Michigan’s economic situation, he urged business leaders and venture investors to look for the “best, next Google-like company” in alternative energy, hybrid cars or biomass fuels. “Restructuring is the process of reinvention,” Shriram commented. “There will be some pain in that process, but out of it should come a new crop of young, hopefully good companies that leverage the skill sets and domain expertise of this area. Why give that up to Silicon Valley or Boston or some other part of the country?”

Keynote Speaker: Richard Wong, Partner, Accel Partners

The shift from newspapers, magazines and other traditional “old” media to emerging forms of “new” digital media delivered via broadband to computers and mobile devices is creating exciting business opportunities for Internet advertisers, software developers and telecommunications investors, said Richard Wong of Accel Partners. Currently, the online-media sector is growing at a red-hot rate of 30% annually, compared to a sluggish 5.7% growth rate for newspapers. Yet, the $12.5 billion in ad dollars spent online pales in comparison to the $49.6 billion pumped into newspapers. “It’s not too late to get into digital media, but you have to have a unique idea,” Wong said. He predicted that many entrepreneurs will emerge from Google and build new companies in the Midwest. “The opportunity is in front of us in the Web 2.0 space,” he added.
Mega Events

PANEL: Meet the Managers of Selected Venture Firms
Michigan’s outstanding research universities, highly educated work force and well-established manufacturing base provide a fertile field for launching and growing new businesses. However, the state is still underserved by the venture-capital industry, and competition for VC investment dollars is keen. A panel of representatives of firms that have received investment commitments from the Venture Michigan Fund and the Michigan 21st Century Investment Fund said their portfolio strategies tend to focus on early-stage companies with innovative technologies, strong intellectual-property protection, and market applications targeted at solving real-world problems. “We need to clearly see the ability for our dollars to drive a company to meaningful milestones that will transform value,” said John Neis, managing director of Venture Investors. “One person cannot build a company, so we look for people who are going to attract great team members who can fill gaps in that organization,” added Jan Garfinkle, managing director of Arboretum Ventures.

PANEL: Institutional Investing: Selecting Successful Small and Emerging Funds
Small-fund managers will have greater success in raising capital from large institutional investors if they have prior experience, a good track record, a well-established network and a clear understanding of how they fit into the market, said panelists drawn from the institutional-investment community. On the other hand, emerging managers who try to raise capital for the first time or attempt to use their connections to land a deal may be disappointed. “We’re looking for the drivers of value,” explained Thomas Gladden, a partner at Adams Street Partners. “It’s much better for us to see a concentrated portfolio run by people who have driven value rather than a bunch of very small minority investments that rode along on someone else’s coattails.” Robert Manilla, senior investor director at the Kresge Foundation, said that a “decent track record” will get an emerging investor to the meeting table with institutional investors, “but we want to see if you have the process and system and repeatability in place that could generate a similar track record in the future.”

PANEL: How do Michigan and the Biopharmaceutical Industry Capitalize on Pfizer’s Strategic Exit?
Pfizer’s decision in early 2007 to close three facility sites in Michigan left the state with a gaping hole in its life-sciences and biopharmaceutical development pipeline. However, it also opened up access to the drug maker’s administrative, scientific, clinical-development and regulatory-affairs expertise, which conceivably could provide a springboard for new start-up companies in the area. “The Ann Arbor site has complete capabilities to go from ideas to drug registration,” stated James Bristol, former senior vice president of Worldwide Drug Discovery at Pfizer. “It’s also fair to say that significant talent will remain in Michigan.” He reported that Pfizer is looking for a large single owner of its Ann Arbor property who would lease to a big anchor pharmaceutical company and a series of small umbrella companies. Roger Longman, managing partner at Windhover Information, suggested that start-ups will need clinical-stage programs and big-pharmaceutical management in order to attract serious interest from out-of-state venture capitalists. Ron Eastman of Essex Woodlands Health Ventures advised entrepreneurs to “set milestones for yourself that you’re pretty sure you can achieve” and to be realistic about the time, costs and difficulty involved in reaching them.

A panel of seasoned investors and company founders said young companies are more likely to succeed when they have a strong technology focus, scalability, a well-rounded management team and sufficient funding. CEOs, in turn, must demonstrate leadership skills and the ability to relate effectively to investors, team members and customers, according to Jim Watson, managing director of CMEA Ventures. “As a founder and CEO, I look for a balanced, well-rounded person,” he said. “The ability to create relationships and then to attract the right people to a board or a team, and to be able to attract those first few customers are important factors to me when I’m doing my due diligence.” From the company’s founder perspective, Michael Dager, CEO of Arxan, suggested the best way to discover ideas for new markets and, thus, for new products in emerging technologies is to talk directly to customers. “Stay deeply in touch with your customers,” he advised. “All it takes is one or two great conversations with a customer to find out what an entire market might need a year or two from now.”
PANEL: Investing in Alternative Energy
The imposition of renewable portfolio standards has done a lot to spur the development of wind and solar power. Likewise, rising oil prices have made biofuels more attractive. Still, many of these alternative-energy options are not money-making ventures and may need further subsidies or mandates to keep them moving forward, said panelists from the private and public energy sectors. “The alternative-energy and the broader energy markets are enormous, much larger than any traditional sectors,” Michael DeRosa, managing director of DFJ Element Ventures, explained. “The other advantage is that, with the possible exception of health care, the alternative-energy sector is working on some of the biggest, most intractable problems facing the world economy.” There are some disadvantages to investing in energy, such as long product cycles which are often controlled by large, entrenched interests that have failed to be very innovative over the past years. “To bring a new fuel to the market and to scale it to 100 million gallons of capacity takes time,” said Eric Apfelbach, president and CEO of Virent Energy Systems. “We face the challenge of trying to get some short-term revenue situations going in our company and also playing the long-term strategic ventures. The payoff can be huge, though.”

PANEL: Exit Strategies for Venture-backed Biotech Companies
The initial-public-offering “window” is still cracked open for venture-backed biotechnology companies, but the prices being offered for emerging companies may not provide the high returns sought by venture investors, said panelists drawn from the legal, biotech and venture-investing sectors. “The IPO window is not really an exit, as it exists today,” observed Mina Sooch, founder and general partner of Apjohn Ventures. “It’s really more of another financing window, where those investors who come in with the original investors may have an ability in two more years to get a three- or four-fold return on their investment.” Recently, reverse mergers into a public shell company have emerged as an alternative-hybrid vehicle for meeting additional financing needs, as well as providing a path to an exit. “When you go this route, you have to be very careful and research the potential shell thoroughly to understand its past structure, history and liabilities,” said Charles Bisgaier, president of Pipex Therapeutics.

PANEL: Beginning with the End in Mind: The Importance of Regulatory Approvals
Developing a good understanding of the regulatory pathway and building a strong relationship with the Federal Food & Drug Administration at an early stage are critical steps for small biopharmaceutical companies seeking to bring new drugs to market, said a panel of representatives from law, therapeutics and venture-investing firms. “The right approach for any company is to go early, start a relationship and really understand what the FDA is looking for so you can build it into your pre-IND (pre-investigational new drug) activities,” recommended Jim Matheson, general partner at Flagship Ventures. Nathan Beaver, senior counsel at Foley & Lardner, advised companies to read all the available FDA regulatory-compliance information available before they meet with officials. “The FDA tries to be as accommodating as possible, but I’ll guarantee that if you haven’t done your homework and there’s information in a guidance document that you’re asking about, you’ll get a fairly terse response.” Increasingly, the panelists noted, biopharmaceutical and therapeutics firms are conducting offshore trials in lower-cost foreign countries, such as China and India, which also represent attractive future markets for their products. “The FDA’s position is that they will accept foreign trials,” reported Beaver. “You don’t necessarily have to conduct U.S. trials, but there are additional hurdles you may need to consider.”

PANEL: Common Terms and Conditions in Early Stage and Venture Financing
As start-up companies grow, their financing, mentoring and management needs often change. Knowing where and how to find the right resources can help emerging firms smooth their pathway to success. During a panel discussion, seasoned investors shared their ideas of what entrepreneurs can expect from seed, angel, incubator and venture-funding sources. Sandra Cochrane, COO of the Southwest Michigan Innovation Center, said her Kalamazoo-based incubator is looking at early-stage, high-potential life-sciences companies. “We require that clients meet with us on a quarterly basis to talk about how their business is going in terms of strategy, sales and financing.” Michael Gruber, the founder of Cornerstone Angels, said the type of first-round investment his private-investment group is willing to make depends in large part upon the company, its stage of development and its structure. “Our main principle is to keep it simple,” he remarked. “We want other early-stage venture groups to invest in the company, so we don’t want to put any onerous structures or terms into our term sheet. And we want to make sure we will be able to get that next round of funding without having to do a lot of financial re-engineering.” Scott Button, managing director of Venture Investors, added, “One of the biggest hang-ups is deals that get overvalued. We offer our resources, experiences and market intelligence and try to be very candid with angel investors about valuing companies at different stages. It’s really started to pay dividends for us.”
In the News

Future Venture Capitalists Learn by Doing
by Mary Crane

Any seasoned entrepreneur will say the best way to learn how to run a business is to roll up your sleeves. That goes for investing in entrepreneurs too.

While venture capital funds are bursting at the seams again (VCs raised $19.6 billion in the first nine months of 2006, the largest sum during that period since 2001, says VentureOne and Ernst & Young), fledgling financiers at business schools across the country are also getting in on the action too.

The oldest—called the Wolverine Venture Fund, housed at the Ross School of Business at the University of Michigan—launched in 1997 with a $1 million investment as part of the university’s $5 billion endowment….


According to Kinnear, the Wolverine fund is just like any other professional venture fund: It aims to make money on one or two companies, break even on some and “write off the rest.” So far, the fund has had only one major investment. While he won’t reveal the fund’s annualized rate of return, Kinnear says the fund’s annual “internal rate of return” (an oft-cited yet poor and generally overblown measure of a portfolio’s profitability) is between 25% and 30%....

Do Start-Ups Really Need Formal Business Plans?
By Kelly Spors

Business schools and consultants have long preached that writing a formal business plan greatly improves a start-up’s odds of success. But a growing number of academics are questioning whether that’s really the case.

….Vinay Gupta of Ann Arbor, Mich., spent six months attending conferences, meeting with consultants and writing a 60-page business plan before launching an outsourcing consulting firm for midsize businesses in 2004. But after starting the business it became clear far fewer midsize firms sought outsourcing help than his research suggested. He scrapped his original idea and developed outsourcing-management software geared toward companies with annual revenue of more than $1 million. While the planning helped him learn about the industry, it didn’t point out the fundamental flaw of his original idea.

Even some believers of business planning say formal planning foes have some valid points. Tom Kinnear, executive director of the entrepreneurial studies institute at the University of Michigan says writing a business plan shouldn't take more than three or four weeks.

“There’s no question that some people are obsessed with writing plans that are too wrought with detail,” Mr. Kinnear says. “Early on, all you really need is a compass.”
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