

New Venture News

A Newsletter on Entrepreneurship and Private Equity

Polsky Center for Entrepreneurship | The University of Chicago Graduate School of Business

Entrepreneurial Practices Make Good A new study looks at “Overcoming the Growth Plateau”

WOULD-BE ENTREPRENEURS may suppose the toughest part about starting a business is doing just that: getting started. However, once a business takes off, entrepreneurs must adapt their entrepreneurial spirit so their business can continue to grow.

“Overcoming the Growth Plateau,” a recent study conducted by the Polsky Center and Market Strategy Group, LLC—a Chicago-based consulting firm—offers insights for entrepreneurs and small business owners about how to stay or get on the right track for success.

Findings suggest certain entrepreneurial practices can make a difference for sustaining growth and that resuscitating entrepreneurship in a maturing organization can rescue the company from growth plateaus.

The study identifies five practices that characterize entrepreneurial success in the early stages of a company. These are: bias for action, customer-centricity, frugality, a culture of everyone knowing everything worth knowing, and sacrifice. Next, the study evaluates the use of those practices among 21 accomplished entrepreneurs—from

Patrick Ryan, founder of insurance giant AON Corporation, to Steve Baird, real estate guru and CEO of Baird & Warner—whose maturing companies have either managed to avoid the growth plateau altogether or fell into the



Findings suggest that certain entrepreneurial practices exist that make a difference for sustaining growth.

growth plateau following initial strong growth and then succeeded in breaking out of it.

Of the five core entrepreneurial practices that characterize successful start-ups, two need to be nurtured and emphasized as a company grows. First and foremost, companies must maintain a bias for action, or a willingness to take bold and decisive action with imperfect information or resources. The study cites Mark Seigle, founder of Seigle’s, the largest distributor of lumber and other building supplies in Chicagoland. For Seigle, bias

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Michael P. Polsky Center for Entrepreneurship

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Advisor → **Dinesh Ahluwalia**

Program Manager → **Anna Bishop**

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Design → **Sorensen London, Inc.**

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Please direct questions and comments about *New Venture News* to Stephanie Marcucci, 773.834.1134, stephanie.marcucci@ChicagoGSB.edu.

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for action meant completely changing his business model not after months of market analysis, but after a single business trip. After he and his brother heard about then-regional competitor Home Depot, they flew to Atlanta to see for themselves. Seigle says, "We got to the parking lot, saw that it was totally packed, and turned around and went home. We knew that we couldn't compete with that." Seigle's redefined itself by focusing exclusively on contractors.

Second, companies must continue to be customer-centric, or keep building their business by anticipating and responding to customers' ever-changing needs. The study cites Selim Bassoul, CEO of Middleby Marshall Corporation, a company that designs and manufactures commercial ovens. One customer-centric move Bassoul made was to extend Middleby Marshall's operating hours into the evening when most restaurants are in high gear, something that benefited their custom-

ers and helped the company differentiate itself from its competitors.

The other three entrepreneurial practices, while critical in a company's early stages, become more secondary in importance as a company matures. Surveyed CEOs indicate that there are two additional practices critical to sustaining and reigniting growth. One is selective recruiting—hiring people deeply committed to the growth and long-term success of the company. The other is refreshed leadership, a commitment to continually bring in or develop leaders with skill sets, perspectives, or market insights that allow a company to effectively adapt and respond to change.

ON THE WEB To download a copy of the study "Overcoming the Growth Plateau," visit ChicagoGSB.edu/entrepreneurship/docs/aec_2006_11-30_overcoming_growth_plateau_final_study.pdf

Winning Streak for Top NVC Team GrubHub

GRUBHUB—AN ONLINE restaurant search engine that tied for first place at the 2006 New Venture Challenge business plan competition at Chicago GSB, continued to shine at Freshwater Live, organized by Freshwater Venture October 27. Evening student Matt Maloney, cofounder of GrubHub, took the \$1,000 top prize for his 60-second elevator pitch.

Team GrubHub and team Collectica, an online collector's forum led by University of Chicago college student Michael Dworecki, competed at the Midwest Venture Summit November 1. Although neither team placed at the Illinois Venture Capital Association event, both represented the university well in the Summit's first business school competition.



GrubHub founder and evening student Matthew Maloney

See pages 9–11 for more event news.

A Message from the Director

Ellen A. Rudnick, '73, Executive Director, Polsky Center for Entrepreneurship

THE 2007 ACADEMIC YEAR brings many new opportunities to the Polsky Center along with growth and expansion of our existing programs. This increased momentum comes from the strong interest in entrepreneurship among our students, alumni, and the community.

One of our core programs, the Entrepreneurial Internship Program, is now ten years strong and continues to provide a wealth of hands-on experience. Three of our 18 interns worked outside the U.S. in China, Kenya, and the United Kingdom. Read about a few of their experiences on page 4. The program also recently received an endowment and a gift from Rattan L. Khosa, '79, whose funds will allow us to add two interns for 2007. Read about Rattan's interesting road to entrepreneurship on page 7.

Our conferences remain vibrant providing students and alumni with top-notch speakers and panelists to learn from and network with. In November, we hosted the student Entrepreneurship and Venture Capital Conference and the Alumni Entrepreneurship Conference.

Keynote speakers for the student conference included Kathryn Gould, '78, founder of Foundation Capital, and Joe Mansueto, AB '78, MBA '80, founder, chairman and CEO of Morningstar. The Alumni Entrepreneurship Conference, "Sustaining Success: Overcoming the Growth Plateau," was based on a study executed last summer by Market Strategy Group and the Polsky Center. Interviews were conducted with 21 successful CEOs whose companies have experienced sustained growth. Of the entrepreneurs interviewed, Patrick Ryan, founder and executive chairman of Aon Corporation, kicked off the conference with his luncheon keynote address.

New to this academic year is our Breakfast Series, which began in October with Mark Koulogeorge, founder and general partner of MK Capital. An intimate group of 12 students



Ellen A. Rudnick, '73

gathered on a Saturday morning to learn from Koulogeorge's professional experiences about what it means to be a venture capitalist. One student shares his insights from the experience on page 11.

Also new to this academic year will be a day-long seminar on Entrepreneurial Sales on February 17. Key to any successful startup is knowing how to sell your business—whether to customers, investors, employees, or strategic partners. This seminar will be open to both students and alumni, so mark your calendars.

Finally, we expanded our team by welcoming Anna Bishop, our project manager who assists with programs and conferences; and Robyn Searles, our office manager in charge of budgets and day-to-day office operations. Our international reach also is expanding. Dinesh Ahluwalia, entrepreneur and former interim director at the UIUC Illini Entrepreneurship Center, is our international strategic advisor. His presence in the Asian market will help us better understand how to position the Polsky Center as we look to expand some of our programs outside the United States.

Sincerely,

Ellen A. Rudnick, '73

Student Spotlight

The Entrepreneurial Internship: Insider Perspective

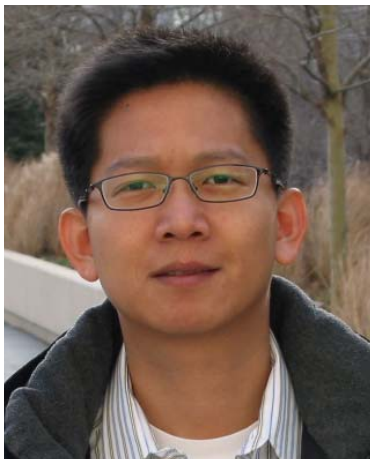
IN ITS TEN YEARS OF PROGRAMMING, the Chicago GSB summer Entrepreneurial Internship Program (EIP) has provided approximately 200 students a way to see an entrepreneurial or small business operate from the inside out.

Either on their own or with the help of the Polsky Center, the students secure summer internships in their field of interest. Each student spends at least ten weeks with the company's senior management then returns to the MBA program in the fall and participates in the Entrepreneurial Internship Seminar Class. In class, students write cases based on their experience and teach those cases to their fellow students. As further incentive to develop outstanding cases, the Polsky Center provides awards to the students whose cases generate the best learning experiences. This year's winners are Chip Hodgkins, Jason Starr, and Kari Ginal.

Following are highlights from four of the 18 students who participated in this year's program.

Li Gao

"I applied to the EIP to start a company. As a first-time entrepreneur, I considered the program a great opportunity for mentorship by the Polsky Center and strong interactions with



other like-minded GSB students. I expected the internship to be quite difficult and it turned out to be even more challenging. The hardest part was the team-building; getting the right people on board was never easy.

"One of the things I learned through the internship was that entrepreneurship is not primarily about a 'big idea.' In fact, big ideas hardly exist. I observed that entrepreneurial businesses succeed through dedication, discipline, and solid execution."

Gao founded CrossingPath Inc., a mobile marketing company that he continues to work on in Chicago, Illinois.

Kari Ginal

"I applied to the EIP because even though I had often said I wanted to start my own business 'some day,' my only pre-MBA work experience was at an investment bank. I recognized that



I had no idea what an entrepreneurial company was really like. Over the summer I got a taste of how rewarding it is to be able to make a tangible difference in a company through day-to-day input and quick decision making. I just couldn't imagine immediately returning

to the corporate world, so I accepted a full-time position with Argo. In fact, I'm already working part-time until I graduate in June, heading up business development efforts and continuing to be involved with marketing."

Ginal interned for Chicago-based Argo Tea, a retail café chain offering teas and tea-related products.

Joshua Levin

"I had been interested in the EIP ever since learning about it as a prospective student. The program provided me the ability to explore my interest in both renewable energy and small business during my MBA.



"As the company's only employee other than the founder, I researched the ethanol value chain and the players involved at each step, researched and applied for business development grants, developed a financial model, met with poten-

tial strategic partners, and completed a business plan. Before the EIP, I don't think I fully appreciated the importance of daily decisions for an entrepreneur because each day on the job we were faced with questions that, depending on how we dealt with them, could lead to the ultimate success or failure of the company."

Levin interned for Ford Heights Ethanol, LLC, a company founded to build and operate an ethanol plant in Illinois.

Sachita Shenoy

"I spent my summer learning how to apply traditional venture capital principles to evaluate early-stage, socially-motivated businesses. Early on, I was given a lot of responsibility and



worked on a number of due diligence efforts, financial models, and investment recommendations. By the end of the summer, I had a real appreciation for the remarkable community-wide social benefits (jobs, skills training, and revival of local economic activity) that venture capitalists

could spark by investing in promising start-ups located in economically depressed areas.

"The lab course that followed the internship was a highlight of the program. My fellow EIP classmates had so many interesting experiences to share and during the quarter also contemplated their longer term career moves. It was refreshing for me to hear their stories: their experiences ranged widely from renewable energy to private equity, telecommunications, social venture capital, tourism and hospitality, microfinance, and even filmmaking."

Shenoy interned for Community Development Venture Capital Alliance, a nonprofit organization based in New York, New York.

The Internship Program

Student participants in the Entrepreneurial Internship Program are paid about half of their salaries from the companies for whom they work. The remainder is subsidized through private donors (**Kathryn Gould, '78**; **Donald Hamer, '58**; and **Susan Hapak, '89**) and the Polsky Center, who have supported this entrepreneurial learning experience. The students who participated in the program also are enrolled in the fall quarter Entrepreneurial Internship Seminar, taught by Professor **Ellen A. Rudnick, '73**, to continue strengthening their entrepreneurial network, insight, and skills.

Gould Interns

Douglas Kohen, Ambiron TrustWaver (Chicago, IL)
 Joshua Levin, Ford Heights Ethanol LLC (Chicago, IL)
 Mike Mehawich, Konarka (Lowell, MA)
 Jason Starr, Opus Capital (Menlo Park, CA)
 Rob Webb, ClickShift (San Bruno, CA)

Hamer Interns

Chris Bailey, Global Resource Renewal (River Junction, VT)
 Chip Hodgkins, Edgewater Funds (Chicago, IL)
 Ivan Kaplan, Renewable Ventures (San Francisco, CA)
 GR Kearney, Sandbox Industries (Chicago, IL)
 Frank Keuchel, VAST Power Systems (Chicago, IL)

Hapak Interns

Li Gao, CrossingPath Inc. (China)
 Amanda Moskowitz, Rocco Forte (London, England)

Polsky Center Interns

Alex Fried, Flagship Ventures (Cambridge, MA)
 Kari Ginal, Argo Tea (Chicago, IL)
 Maria Antonia Hernandez, Noon Solar (Chicago, IL)
 *Sarah Schiff, Art Institute of Chicago (Chicago, IL)
 *Sachita Shenoy, Community Development Venture Capital Alliance (New York, NY)
 *Misa Takaramoto, Opportunity International (Kenya)

**Denotes social entrepreneurial internship*

Faculty

Ask the Faculty: Financing Your Business

MANY POTENTIAL entrepreneurs turn to the Polsky Center faculty for guidance in starting their businesses. Unfortunately, they feel ready for venture capital far before they have considered some financing basics. Linda Darragh, director of entrepreneurship programs and adjunct professor of entrepreneurship, answers a few commonly asked questions.

Q. If I am just starting a business, where can I go for growth capital?

A. Turn to revenue and your own personal savings. Many early stage entrepreneurs think that they can approach venture capitalists to obtain financing. Unless you are a successful serial entrepreneur, you will not want to approach VCs until you have a proven concept and revenue model with the ability to generate a high return on investment. To get to this point, you need to be very resourceful.

Q. What about a loan from a bank?

A. If you are starting a more traditional business (non-high tech), you may be able to apply for a Small Business Administration (SBA) loan. You will need personal and business collateral to secure the loan, and you will have to sign a personal guarantee. Many small businesses use SBA loans to cover start-up or expansion costs that can include building/land, leasehold improvements, equipment, supplies, and working capital. You will need to start repaying the



Credit: Dan Dry

Linda Darragh, director of entrepreneurship programs and adjunct professor of entrepreneurship

loan right away, so you want to make sure that you will be generating revenue soon after you start your business. An advantage of using loans is that you do not give up ownership. Most banks have SBA lenders who are familiar with small business financing.

Q. When developing technology products, one must often develop and test alpha and beta versions before they are ready to market. How do I fund that?

A. I know a number of companies that have used their customers to fund the development of their software. In most cases, the entrepreneurs already know the people in the company, and they know the software solution they are developing will solve a major 'pain' point. The companies have paid an

advance to the entrepreneurs to develop the software in exchange for discounted use of the software once it has been completed.

Q. I have heard that the federal government will fund research and product development of early stage companies. Is this true?

A. The Small Business Innovation Research (SBIR) program was designed to assist small businesses that do not have the comparable resources of corporate R&D departments. The federal government posts regular announcements identifying technologies, products, and services they need. If your business is conducting research or commercializing one of these products, you can apply for a \$100,000 Phase 1 grant and then a \$750,000 Phase 2 grant. The UChicago office at the University of Chicago can assist with the SBIR application process. Visit tech.uchicago.edu.

Darragh teaches New Venture and Small Enterprise Lab and Developing a New Venture (New Venture Challenge) at Chicago GSB and leads the Hamer Small Business Initiative at the Polsky Center. She also is founder of the Ceres Venture Fund for women investors seeking investments in women-led businesses, and as the former vice president of the Women's Business Development Center in Chicago, Darragh has worked with hundreds of entrepreneurs. She served on the Illinois governor's transition team on economic development and developed programs to increase access to capital for women-led businesses.

Eye on Alumni

Strengthening Entrepreneurship: Rattan L. Khosa, '79

By Stephanie Marcucci

TO CELEBRATE 25 YEARS OF BUSINESS, Rattan L. Khosa, '79—founder, president, and CEO of AMSYSCO, Inc.—has endowed the Polsky Center's Entrepreneurial Internship Program (EIP) with \$100,000 and has given an additional \$10,000 to support two interns during the summer of 2007.

Khosa's reinforcement of the EIP is one of several things this entrepreneur has made stronger in his life. He is living



Rattan Khosa, '79, founder, president, and CEO of AMSYSCO, Inc., a steel cable manufacturing and supply company headquartered in Addison, Illinois.

the American dream thanks to family values, a wholesome life-style, and a well-founded work ethic in AMSYSCO, the company he started in the basement of his house. AMSYSCO manufactures and supplies post-tensioning high-strength steel cables and offers related services. These cables strengthen concrete, slabs, and beams in high-rise structures.

An immigrant who began with \$8 in his pocket on his way from India to study on a fellowship at the University of Maryland, Khosa tasted both hardship and opportunity. After earning a masters degree in structural engineering, studying for an MBA, and garnering 11 years of experience in sales and management in the construction supply industry, he saw a layoff coming and made the best of his situation.

"Those years helped me to build my reputation," Khosa says. "Customers would tell me to start my own company, and I'd ask them, 'Would you really work with me?'" Upon nearing the point of packing up himself, his wife, and small child to return to India, his father gave him a vote of confidence.

"My father told me to work hard and try to make the company succeed, and it was unusual for him to say that. I

came from an upper-middle class family that was expected to have professional careers like doctors, engineers, and lawyers, but not business owners."

So, in 1981, Khosa and his wife Bharati used their personal savings of \$44,000 to begin AMSYSCO. Today they have

"I have focused on employees and the company with a personal touch."

captured roughly 65% of the market share in the Midwest while remaining debt-free. While there isn't a single ingredient that creates this kind of sustainability, Khosa believes technology and paying attention to

his people and customers make all the difference.

"Our production cost today is the same as 25 years ago because of technology, but I also have focused on employees and the company with a personal touch," Khosa says, adding that he prefers to communicate one-on-one with his 25 employees and 8 outside contractors rather than by telephone or e-mail. That even includes his son, Neel, who works at the firm while attending Chicago GSB as an evening student. On the other hand, if Khosa is traveling—for work or pleasure—a phone call or e-mail will do. He maintains that a healthy work/life balance is essential.

While AMSYSCO is not a company that typically attracts news headlines, it has an important place deep inside the building supply world. For perspective, next time you park in any major airport parking garage in the Midwest (Cleveland being the only exception), you can rest easy knowing that you and your car will stand firm. Khosa's company has reinforced each of those structures with millions of feet of his very own cable.

Khosa's endowment and gift to the Polsky Center comes from the Khosa JG Foundation set up in his parents' names. The foundation supports philanthropic efforts including awarding 50 students each year in his native India 15,000 rupees each for their undergraduate studies.

Eye on Alumni

Alumni Innovation

The Polsky Center strengthens its entrepreneurial network with alumni who are themselves entrepreneurs. Read about several who are making strides.

Dan Anderson, '94, is COO of LiquidTalk Networks, a Chicago-based company that creates enterprise business appli-



cations for digital media devices. In June 2006,

Silicon Valley's prestigious Venture Forum Conference invited LiquidTalk to exhibit as one of ten Midwest-based startups.

liquidtalk.net

Margaret Castrovillari, '00, founded Soulistic Studio and Spa in downtown Chicago last summer. The 4,500 square foot facility and its staff offer fitness and spa services like dance, Pilates, boxing, massage, reflexology, and more.

soulisticstudiospa.com

Scott Griffith, '90, is CEO of Zipcar, a car-sharing program that is taking off around the world. In November, Zipcar announced it raised \$25 million in its third round of venture funding and will expand its service to London, adding a third city to its roster of Chicago and Toronto.

zipcar.com

Jon Morris, '05, founder of Chicago-based Internet Marketing Initiative, a full service search marketing company that specializes in helping agencies pro-



vide this service to their clients, reports rapid

growth. Even in the company's infancy, Morris has received (and refused) offers to sell the company that finished as second-place winner in the 2004 New Venture Challenge.

internetmi.com

John Rodkin, '05, cofounder and CEO of ClickShift, an online advertising optimization company and second-place winner of the 2005 New Venture Challenge, continues



to lead his team after WebTrends, Inc. acquired the San Bruno, California-based company. In a December 4, 2006 press release, Rodkin said about the merger, "From day one, our vision has been to revolutionize the way marketers manage and profitably grow their complex online marketing campaigns . . . WebTrends has the resources, experience and expansive customer base to introduce more marketers to the power of true marketing optimization."

clickshift.com

Dhiraj Rajaram, '03, is founder of MuSigma Inc., an analytics organization that is based out of Chicago and Bangalore, India. Rajaram reports, "Over the last two years, we have seen tremendous customer traction and are rated as India's fastest growing analytics company. Our current clients include Microsoft, Allstate Insurance, CDW, McCann Eriksson, Pfizer, Goodyear Tire and Rubber Company, and IBM. We have raised our second round of funding with a ten-fold increase in valuation over 14 months and are funded by very credible investors."

mu-sigma.com

Barry Tartar, '03, executive director of EXACT Sports, an Illinois-based company that measures and predicts the abilities of individual athletes, reports, "EXACT Sports has launched as the only system to predict athlete potential (e.g. the SAT of athletic performance)." Along with his team, including fellow alumnus Courtney Hall, '03, Tartar has built a process that measures every aspect of athleticism including the mind, body, and character creating an integrated picture of an athlete. EXACT participated as a finalist team in the 2003 New Venture Challenge.

exactsports.net

If you are an alumni entrepreneur and would like to share an update about your company with New Venture News, please contact Stephanie Marcucci at stephanie.marcucci@ChicagoGSB.edu.

Events and Conferences

People Trump Structure in Entrepreneurship

By Phil Rockrohr

HIRING THE RIGHT PEOPLE is far more important than creating the right structure to keep a business growing, said Michael Polsky, '87, president and CEO of Invenergy LLC. "Although in my career I have built businesses from scratch, I believe—and I admit even to people I'm working with—things would never happen unless we hired the right people."

Polsky was among panelists who discussed leadership and recruiting at the Alumni Entrepreneurship Conference November 30 at Gleacher Center, an event sponsored by the Polsky Center.

"If you grow to any meaningful size, there is not much you can do on your own unless you have the right people," Polsky said. "It's not necessarily about what type of structure you put those people in, because if they are the right people, they will operate there. If you don't have the right person, you can have all the theory, charts, and graphs, but it's not going to work."

Polsky said he would go as far as creating jobs within a company around the talent he finds. When he interviews candidates, Polsky's favorite question is to ask them to create their own job description. "They really describe how they want to operate, what they want to do, and how they want to structure it," he said. "I believe you can get more from a person who works in a job whose description is much closer to him than foreign to him."

Financial results indicate whether a company needs fresh leadership,



Credit: Steve Kagan

(From left) Professor James E. Schrage, Ed Hamburg, PhD '82, former CFO of SPSS Inc., and Michael P. Polsky, '87, founder and CEO of Invenergy LLC, discuss leadership and recruiting.

said panel moderator James Schrage, clinical professor of entrepreneurship. "This is a performance game and we all get rated," Schrage said. "When the results are in, you can kid yourself and make up excuses, but you can only do that for so long."

Schrage recommends giving those leaders no more than two years to prove themselves. "Bring in someone you think is a leader, works hard, is smart, and is a good guy," he said. "If you're still getting excuses instead of performance in two years, you as a leader of the company have to get very serious. It's the hardest thing there is."

Edward Hamburg, PhD '82, former CFO and board member at SPSS Inc., said waiting for results may take too long. "If you're building a business and evaluating staff and you don't think this individual can scale with you to the next level, identify it now—not when you're already trudging around and trying to figure it out. You need to have some very difficult conversations with people and tell them if they are not the right person."

In years of hiring and interviewing, Hamburg said he discovered that leadership and team building are two different skills, he said. "Many leaders don't know how to build teams," he said. "It's like building a baseball team: You have nine guys on the field and different roles that have to be played. It would be great if you had an all-star at each position, but usually you don't. You've got to coordinate these people, and they have to have a diverse set of skills."

More than 150 alumni and entrepreneurs gathered for this half-day conference that featured a keynote address by Patrick Ryan, founder and executive chairman of Aon Corporation, and two panels, Refreshing Leadership and Selective Recruiting and Bias for Action and Customer Focus. Read our cover story for the research presented at the conference.

ON THE WEB Read this and other stories about the conference online at ChicagoGSB.edu/news/2006%2DAEC/

Events and Conferences

Building a Business “Is a Marathon, Not a Sprint”

By Carmen Marti

MORNINGSTAR, INC. FOUNDER, chairman, and CEO Joe Mansueto, AB '78, MBA '80, said his goal is higher than just making money. “Morningstar is looking out for investors. We’re the guys in white hats.” Mansueto gave the afternoon keynote speech at the eighth annual Entrepreneurship and Venture Capital Conference at Gleacher Center November 3. The event was cohosted by the Polsky Center and the student-led Entrepreneurship, Venture Capital, and Private Equity Group.

Over the 22 years it has been in business, Mansueto said, Morningstar has evolved from a start-up provider of data about U.S. mutual funds to a multimillion-dollar company (with \$300 million in sales this year), offering investment coverage, analysis, and



Credit: Beth Rooney

Joe Mansueto, AB '78, MBA '80, founder, chairman, and CEO of Morningstar, Inc. addresses students at the Entrepreneurship and Venture Capital Conference in November.

advice to individuals, financial advisors, and institutions around the world.

In the early days, subscribers paid for the business; Morningstar had 50,000 in the first five years. As the number grew, Mansueto “aggressively” reinvested in the company. His preferred method of

financing? Bootstrapping, or using your own money to get the business off the ground. “It lets you control your destiny,” he said. “It instills frugal work habits. Think about bootstrap. There are ways to do it.”

According to Mansueto, a business should be built around passion and an inspiring mission. At Morningstar, the mission is to help investors by creating great products. Toward that end, it provides data, software, Internet services, analysis, and advice. The key to its growth has been innovation in three core areas: research, technology, and design. “Build innovation into the company’s DNA,” Mansueto said. “And set the tone that what you do is vitally important.”

Mansueto also advised entrepreneurs to focus first on driving the business. “Don’t start a business lightly,” he said, “It’s all consuming. It’s five years to profit. It’s a marathon, not a sprint.”

More than 200 students and alumni gathered to hear Mansueto and Kathryn Gould, founder of Foundation Capital, who offered the morning keynote address. In addition, the conference offered six panels including Identifying the Big Idea, The Venture Business, The Next Wave, Building Relationships and Revenue, Financing the Venture, and Social Entrepreneurship.

ON THE WEB Read this and other stories about the conference online at ChicagoGSB.edu/news/2006%20DEVVC/index.aspx

First-year student Anna Levchuk was one of 25 student volunteers and members of the Entrepreneurship and Venture Capital and Private Equity student group who helped organize this year’s Entrepreneurship and Venture Capital Conference.



First-year student Anna Levchuk helped organize the Entrepreneurship and Venture Capital Conference.

Levchuk was most impressed with the scale and quality of the conference, as well as the high-caliber speakers and panelists.

“As someone who is interested in a career at a growth-stage venture capital fund, I enjoyed The Next Wave panel, which provided an engaging discussion on emerging trends in technology and biotech.

“Each of the panels I attended covered a broad spectrum of topics that an aspiring entrepreneur or investor may encounter: from starting a business to securing financing and leading a new company to success. The speakers gave a no-holds-barred view of the challenges of life as an entrepreneur.”

Collegiate Scholars Develop Their Entrepreneurial Edge

By Anna Bishop

THE POLSKY CENTER collaborated for the first time with the Collegiate Scholars Program (CSP)—the University of Chicago’s three-year enrichment program offered to approximately 50 of the best and brightest students from the Chicago Public School system.

For two weeks last July, Waverly Deutsch, clinical assistant professor of entrepreneurship, spent each weekday morning leading 15 of those high school students through a comprehensive introduction to new venture creation and strategy. “When the organizers approached me about spearheading this course, I told them that they would have to give me the best kids in the world—and they did,” Deutsch remarked.

In the afternoons, the students formed four groups and worked closely with Professor Deutsch and additional coaches to develop and fine-tune their student business plans. Ideas included B.A.M.S., a retail company that would allow the students’ peers to design their own hip-hop themed t-shirts, Just Divine Caramel Cakes, St. Nap, which would manufacture and sell reversible pants, and Kids in the Kitchen, a day camp focusing on teaching children to prepare and appreciate international cuisine.

The students presented their plans in front of professors, community members, and alumni in preparation for a mini-business plan competition. By the time they pitched their plans to a judging panel composed of employees from Goldman Sachs, principal sponsor of the program, the world of entrepreneurship had been opened to them. First-place winner Just Divine Caramel Cakes took home Palm Pilots for its prize.

“In this course we treated the students like the serious entrepreneurs that they will become, and they more than rose to the challenge. It was a great experience,” said Professor Deutsch addressing the crowd of students, CSP leaders, distinguished judges, Polsky Center staff, and parents at the competition.

Breakfast with Mark Koulogeorge, Founder of MK Capital

AS PART OF ITS MISSION to provide students the opportunity to interact with practicing entrepreneurs and investors, the Polsky Center hosted breakfast with Mark Koulogeorge, founder and general partner of MK Capital, a \$150 million venture fund headquartered in Chicago. The October 14 event accommodated 12 students and Professor Ellen A. Rudnick, ’73.

Second-year student Hitesh Windlass praised the event as worthwhile and informative.

“Koulogeorge shared a little bit about being an MBA student at Stanford and then finding his way into the VC industry. He offered insights about fund-raising and sourcing deals, but what I found most compelling was when he talked about personal integrity. He said that integrity is the most coveted quality that he looks for in entrepreneurs that he backs, as well as in other VCs he works with.

“Students left with a better understanding of the basic realities of the VC business and the challenges the venture funding model is facing today. Koulogeorge strongly advised students to follow their entrepreneurial pursuits and take up operational roles in start-up companies if they want to be successful venture capitalists in the future, noting, “You have to know how to run a business in a cash-constrained environment before you can fund one.”



(From left) Collegiate Scholars Program first-place team Ashley Dinzey, Jasmine Shaw, Devonta Smith, and George Dadirlat show off their winning caramel cakes.

Calendar

Polsky Center Calendar of Events

Please visit *ChicagoGSB.edu/entrepreneurship/events/calendar.aspx*, for times, updates, and schedule changes.

February 16, 2007 Private Equity Conference

Open to students and alumni
Chicago Cultural Center

February 17, 2007 Sales Conference

Open to students and alumni
Hyde Park Center

April 27, 2007 UIUC/GSB Private Equity Conference

*Open to academics and
professionals in the industry
by invitation only.*
Gleacher Center

May 25, 2007 New Venture Challenge Finals

*Business plan competition
open to students and alumni*
Hyde Park Center

Grant Awarded

Congratulations to PhD student Marlana Lee who, in January, won a \$15,000 grant from the Ewing Marion Kauffman Foundation. The award will help Lee to continue her dissertation, "The Value of Entrepreneurial Human Capital in the Labor Market."

Did You Know?

The **Social Enterprise Venture Program**, initiated by the Chicago Mayor's Office of Workforce Development in 2006, relied on Linda Darragh, director of entrepreneurship programs, and several MBA students, to offer management and technical assistance to Goodwill Industries, Safer Foundation, and Growing Home, Inc. In 2007, Darragh and students will continue their efforts with the program, enabling agencies to create jobs for ex-offenders returning to Chicago neighborhoods.

The **Entrepreneurial Internship Program** celebrated its tenth year offering students traditional entrepreneurial internships and its seventh year offering social entrepreneurial internships. Read about four of this year's student interns on page 4.

The **first Sales Conference** hosted by the Polsky Center will be held Saturday, February 17. Students and alumni are invited to learn from sales industry experts what it takes to be successful in sales, and they will be able to practice making pitches in small learning groups.



Michael P. Polsky Center for Entrepreneurship

The University of Chicago
Graduate School of Business
5807 South Woodlawn Avenue
Chicago, Illinois 60637

ChicagoGSB.edu/entrepreneurship

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