

New Venture News

A Newsletter on Entrepreneurship and Private Equity

THE UNIVERSITY OF CHICAGO GRADUATE SCHOOL OF BUSINESS

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Kaplan New Venture Challenge Kicks Off Its Eighth Year

"THE EXPERIENCE YOU GO THROUGH here will be invaluable," Ellen Rudnick, Executive Director of the Polsky Center for Entrepreneurship and Clinical Professor of Entrepreneurship, told a packed auditorium at the 8th Annual Edward L. Kaplan New Venture Challenge (NVC) Kickoff. The event, held at the Law School Auditorium on October 21, introduced students and other aspiring entrepreneurs to the business plan competition, which awards \$50K in prize money to the most promising new business ventures.

Professor Steve Kaplan, Neubauer Family Professor of Entrepreneurship & Finance and Faculty Director of the Polsky Center for Entrepreneurship, began the evening with an overview of the New Venture Challenge, the history of the competition and also outlined a framework for business plan development.

For more information on the New Venture Challenge, see page 8.

Professor Rudnick presented the entry rules, timetable and guidelines for the competition.

The evening continued with a panel discussion and Q & A session that featured past NVC participants. Collin Anderson, Founder & Former President of Digital Innovations and NVC Judge, began the session by talking about the importance of realism in a business plan. Barry Moltz, Co-Founder of Prairie Angels, LLC and NVC Judge, cautioned future participants to keep their plans simple. Bob Rosenberg, GSB lecturer and Assistant Vice President of the University of Chicago's technology transfer office and NVC coach, advised participants to consider diversity as a factor

→ *Kickoff, continued on page 3*



NVC Kickoff panelists (L to R) Collin Anderson, Barry Moltz, Mike Moyer, Jeff Wilcoxon, Bob Rosenberg, Robert Soto

Letter from the Director—The Year in Review

Ellen Rudnick, Executive Director, Michael P. Polsky Center for Entrepreneurship

Ellen Rudnick



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ABOUT THIS TIME LAST YEAR, we were celebrating the naming gift given to the Center by Invenergy CEO, Michael P. Polsky. Michael exemplifies what we mean by entrepreneurship and we are honored to have his name on our door. Michael emigrated to the U.S. in 1976 from the Ukraine with a degree in mechanical engineering. After working several years in engineering firms, he became fascinated with the opportunities that came with deregulation in the power industry. "There was an opportunity for private people to generate energy," said Michael. Since the mid 1980s, he has been a serial entrepreneur in the energy industry. He created Indeck Energy Services, SkyGen Energy (acquired by Calpine Corp in 1999), and most recently, Invenergy. You can learn more about Michael in the last issue of the *New Venture News* (visit gsbwww.uchicago.edu/research/entrep/newventurenews.htm).

Not only has Michael made a financial commitment to entrepreneurship at the GSB, but he has committed his time to helping us build the program and involves himself in many of the Center's activities. Most recently, we have created a new Advisory Board for the Center with Michael as the Chair (see "A New Chapter" on page 16). Under his leadership, the Board has helped the Center prioritize its goals for the coming year and, as a result, has created two sub-committees: one in communications and marketing, and a second for devel-

oping an angel/mentorship/alumni network to assist us in meeting our objectives.

This year's Edward L. Kaplan New Venture Challenge was an exciting one (see "Direct Marketing Idea Wins Business Plan Contest" on page 8). The Iterative Therapeutics (a biotechnology plan) and Green Hedges (an insurance plan) teams tied for second place. Vicarious Communication, Inc., the winning business plan at the NVC led by Michael Moyer (MBA '04), was a labor of love for Mike, who put many of his personal assets on the line to launch his business. Recently, the 8th annual New Venture Challenge got off to a good start (see cover article, "'Kaplan New Venture Challenge Kicks Off Its 8th Year'").

Our students have had a string of successes in other competitions as well. The most prominent victory came to Geoff Bonn and Chris Miller, who won the KACE competition (see "Polsky Center Interns Shine at Case Writing Competition" on page 10). Maroon Biotech, third-place winner of the New Venture Challenge in 2002, competed in "the Super Bowl of business plan competitions," the University of Texas at Austin's Moot Corp Competition (see "Maroon Biotech Competes at MOOT CORP" on page 12). The team won the Murphree Challenge (a mini-competition amongst the 5 divisional runners-up). Iterative Therapeutics placed fifth at the Purdue University Business Plan

Competition (see “New Venture Challenge Prepares Iterative Therapeutics for Competition” on page 11). At the midwest regional Venture Capital Investment Competition (VCIC), the GSB team didn’t win the grand prize, but was voted the “Entrepreneurs’ Choice” (see “GSB Students Compete in Regional VCIC” on page 10).

Only in its second year, the Private Equity Conference (co-hosted by the Entrepreneurship and Venture Capital student group and the Polsky Center) proved that this is a conference with potential (see “Private Equity Conference Raises the Bar” on page 6). With over 200 people in attendance, and impressive keynote speakers Michael Lazarus and Samuel Guren, the bar for the upcoming conference in February 2004 has been raised.

This past summer, fifteen GSB students interned with traditional startup or entrepreneurial enterprises and three students interned in socially-conscious or non-profit organizations as part of the internship program spon-

sored in part by alums Kathryn Gould (MBA ’78) and John Richards (MBA ’72) and the Kauffman Foundation. The students are developing cases on their summer experience in BUS 34105, the Entrepreneurial Internship Seminar. The best cases are submitted to the KACE competition mentioned above, in which GSB students took the grand prize last year. For a list of this year’s interns and their host companies, see “Polsky Center Interns” on page 14.

We continue to focus energy on building our endowment and sponsorship for our programs. The past year has been difficult in terms of gifts due to the economic environment. But fortunately we have been able to maintain our programs with the generosity of our committed donors. We want to thank again Michael Polsky (MBA ’87), Ed Kaplan (MBA ’70), Terri Wareham (MBA ’82), Rick Elfman (MBA ’83), Joseph (MBA ’65) and Jeanette Neubauer, Michael (MBA ’64) and Karen Herman, the NASDAQ, Coleman, and Kauffman Foundations, Kathryn Gould (MBA ’78),

John Richards (MBA ’72), Fred Dotzler (MBA ’72), ARCH Venture Partners, Willis Stein, and Susan Hapak (MBA ’89) for their generous support this past year. With their support we have been able to maintain and grow the quality of our programs even during this tough economic cycle.

As this newsletter goes to press we are amid the final planning for the popular Willis Stein Entrepreneurial Edge Conference, the next Entrepreneurship Advisory Board meeting, the New Venture Challenge Past Participants Panel, and much more. It will be a busy quarter, as always, but we do hope you will give us a call or stop by to see us. We encourage you to review the Calendar of Events listed on page 16 and participate in as many activities as possible.

→ *Kickoff, from page 1*

when picking their teammates. Mike Moyer, CEO of Vicarious Communication (2003 1st place NVC team), described the confidence he gained from the NVC. “I got a momentum [from the competition] that helped me get better on my own,” he said. Jeff Wilcoxon, GSB student (MBA ’04 and 2003 NVC team finalist) explained how the feedback from professors and the NVC judges “is something that you can’t get in any other environment.” And Robert Soto, GSB student (MBA ’04) and 2003 NVC team finalist, presented the challenges specific to creating biotech companies.

Following the panel discussion and Q & A, audience members mingled with professors, panel members, and other future participants during a team-building and networking session. This year’s NVC Kickoff event set a record with over 160 attendees.

The New Venture Challenge is sponsored by Ed Kaplan (GSB ’70) of Zebra Technologies Corporation, and co-sponsored by the law firms of Sachnoff & Weaver and Bell, Boyd & Lloyd. For more information, including a networking tool and the official rules and guidelines of the competition, visit the website at www.chicagonvc.com.

Roll Call

GSB Alumni Find Employee Dedication Reaps Success in Difficult Times

Former GSB student Hiren Shah, CEO of B2B-Matrix, recently had his company's Zesati BPM business process management application acquired by Samsung Data System America (SDSA), a Fortune 500 company (see www.samsungdsda.com/news/news_view_20030827.html for more details). Mr. Shah, who co-founded B2B-Matrix with Krishna Gorrepati in 1999, says it was his employees that made it all possible. Another GSB alumnus, Tom Desouza (MBA '99) has also joined the team. Mr. Shah will be returning to finish his MBA in the part-time program, and feels this success originated in the New Venture Lab course he took with Professors Ellen Rudnick and Robert Calvin. For more information about the application or the acquisition, visit www.zesati.com, or email hiren@zesati.com.

Women in Black Selected by *i-Street*

i-Street magazine named its fourth annual *Women in Black* honorees, recognizing 24 women for their achievements on the Chicago area technology scene. The award was created by *i-Street* publisher and *Sun-Times* columnist, Darcy Evon, as a counterpart name to the stan-

dard wardrobe that typified Silicon Valley tech executives—men in black. *i-Street* selected women who not only succeed as technology leaders in the Chicagoland area, but who also foster entrepreneurship and serve as role models, mentors, educators, investors and partners in the industry. We're proud to say that several of these women have actively participated with the Polsky Center's programs or have a University of Chicago affiliation. Congratulations to the following women selected among the 24:

Rajni Aneja (GSB '92), Vice President of Corporate Development, zuChem Inc.
Waverly Deutsch, Adjunct Assistant Professor of Entrepreneurship, The University of Chicago Graduate School of Business
Cathie Kozik (GSB '87), Chief Information Officer and Senior Vice President, Tellabs Inc.
Daphne Preuss, Founder and Chairwoman of Scientific Advisory Board, Chromatin Inc.; and Professor at The University of Chicago, BSD.
Teri F. Willey, Managing Partner, ARCH Development Partners

i-Street's Top 100

Every year, *i-Street* magazine recognizes the Top 100 people in Illinois who have made the most significant impact on the technology industry and economic development in the state. This year, individuals were selected who have the greatest impact on fostering economic development in high tech and high growth industries in Illinois. Entrepreneurs,

corporate executives, academics, media, public servants, tech mavens and professional services individuals represent the mix. Some are highly visible and others behind-the-scenes, from tiny startups to industry giants, from association heads to government leaders. Congratulations to our partners for their exemplary leadership in fostering technology in the city of Chicago:

Rajni Aneja (GSB '92), Vice President of Corporate Development, zuChem Inc.
Tom Churchwell, Co-Founder and Managing Director, ARCH Development Partners
Gary Konkright (GSB '82), CEO, SmartSignal Inc.
Keith Crandell (GSB '88), Managing Director, ARCH Venture Partners
Waverly Deutsch, Adjunct Assistant Professor of Entrepreneurship, The University of Chicago Graduate School of Business
Neil Kane (GSB '91), Principal, Illinois Partners
Michael Krauss (GSB '76), Partner and Chief Marketing Officer, DiamondCluster International
Diane Swonk (GSB '89), Senior Vice President and Chief Economist, BankOne
Alan Thomas (GSB '90), Director of Technology Commercialization and Licensing, UCTech
Vijaya Vasista (GSB '88), Chief Operating Officer, Nanosphere

“Startups and Upstarts” Provides No Holds Barred Advice for Entrepreneurs

Waverly Deutsch, Adjunct Assistant Professor of Entrepreneurship, has had a few features published in *i-Street* mag-

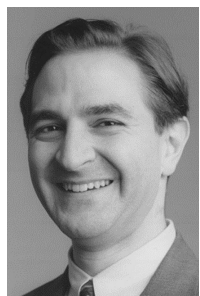


azine, as part of a “Start-ups and Upstarts” column. She has written informative pieces including: “Why Would Anyone Want to Be An

Entrepreneur Right Now?,” “The Fundamentals of An Elevator Pitch,” “Networking Your Way to Success,” and “Are You Sure You Want Venture Capital?” You can find these articles in the *i-Street* archives at www.i-street.com.

Notable Faculty Accomplishments

Steven Kaplan, Neubauer Family Professor of Entrepreneurship and Finance and Faculty Director of the



Polsky Center for Entrepreneurship, has written several papers, including a preliminary draft of “Private Equity Performance: Returns,

Persistence, and Capital Flows”, with Antoinette Schoar; “Characteristics, Contracts, and Actions: Evidence From Venture Capitalist Analyses” with Per Strömberg, forthcoming in the *Journal of Finance*; and “Financial Contracting

Theory Meets the Real World: Evidence From Venture Capital Contracts” with Per Strömberg in the *Review of Economic Studies*. View these and other papers by Professor Kaplan at gsbwww.uchicago.edu/fac/steven.kaplan/research.

Scott Meadow, Clinical Professor of Entrepreneurship, received the Class of 2003 Phoenix Award. The Phoenix



Award is granted annually to the faculty member who, in addition to his or her classroom responsibilities, has greatly

enriched the learning experience of students through voluntary involvement in the extracurricular and community activities of the graduating class.

Damon Phillips, Associate Professor of Organizations and Strategy, (along with Graham Fernandes) has developed a



working paper on the unique strategy and structure of professional service firm start-ups (PSFS) relative to their product/technol-

ogy-based counterparts. After interviewing entrepreneurs in the Chicago area, Phillips and Fernandes found that there were closer associations with the network of competitors and greater independence of management in the early stages of this type of start-up. There are “low[er] barriers to entry, exit and change in the market for profes-

sional service firms,” providing founders, as opposed to outside investors, greater opportunity for control of the structure and strategy of their firms. The research was conducted to understand founders’ decision-making processes, and the relationships between past experiences and their current organizations. This working paper, entitled “Network-Based Entrepreneurship: An Interview-Based Investigation of Professional Service Firm Start-ups,” can be downloaded at gsbwww.uchicago.edu/research/entrep/facultyres.htm.

Ellen Rudnick, Clinical Professor of Entrepreneurship, published a chapter in “*Inside the Minds: The ABCs of Entrepreneurship—The Fundamentals All Business Professionals Should Know & Remember*,” written on the essentials behind conceptualizing and implementing a successful business venture. This title features the Department Chairs and Center Directors for Entrepreneurship from some of the nation’s leading business schools, who have each contributed chapters akin to objective, experience-related, white papers or essays on the core issues surrounding starting a business.

In addition, Professor Rudnick was featured in a Chicago Sun-Times article entitled “Helping Build Business at U. of C.” The interview, published Oct. 16, 2003 included information about Professor Rudnick’s background and business experience, The Polsky Center, and the entrepreneurship program at U of C. For more information, visit the web at www.suntimes.com/output/hitechqa/cst-fin-lundy16copy.html.

In Brief

Private Equity Conference Raises the Bar

By Josh Leavitt (MBA '03) and William Drehkoff (MBA '03)

ON FEBRUARY 14, 2003, over 200 students, alumni, and friends of the University of Chicago GSB assembled at the Gleacher Center for the second annual GSB Private Equity Conference. Hosted by the Entrepreneurship & Venture Capital student group and in coordination with the Michael P. Polsky Center for Entrepreneurship, the conference served to educate its attendees in later-stage private equity and leveraged finance through interaction with speakers and panelists from the industry. Over 30 distinguished professionals and alumni from across the country generously shared their insight and reflections with the audience of GSB students and faculty.

An enthusiastic group of companies and firms showed their commitment to the GSB private equity community by sponsoring the student-led Conference. PriceWaterhouse Coopers was the platinum sponsorship of this year's Conference, while GE Capital, Lake Capital, Sterling Capital Partners, and Winston & Strawn each sponsored separate panel discussions. Equity Risk Partners and Hammond, Kennedy, Whitney & Company Inc. completed the strong and dedicated group of

partners that made this year's conference possible.

The Conference boasted two distinguished keynote speakers, Michael Lazarus, Co-Founder & Managing Partner of Weston Presidio, and Samuel Guren, Managing Partner of Guren Capital Partners. Both speakers used their 40-plus years of combined experience to offer meaningful historical perspectives and insight into the current state of the private equity market. Mr. Lazarus expounded upon transactional strategy and portfolio company management and Mr. Guren enlightened the audience on fundraising details and processes. Both speakers brought their sense of business and their sense of humor to the Conference.

In addition to these fantastic speakers, the Conference presented 24 distinguished panelists and 5 moderators, among them industry professionals, service providers and GSB professors. In addition to the difficult economy, topics included fundraising and the supply of private equity capital, working with portfolio companies and their management teams, finding a competitive advantage, and career and recruiting advice.

One highlight was the dialogue between portfolio company CEOs and private equity principals. Attendees

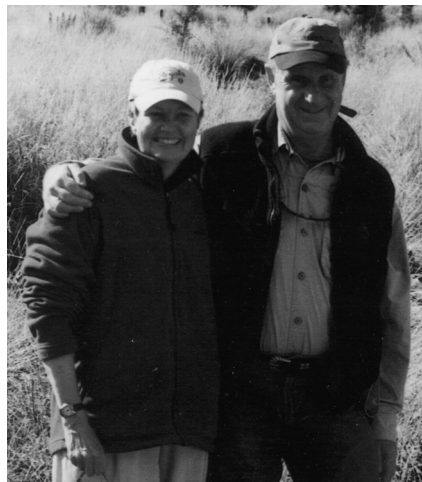
observed many comical facial expressions and other body language that helped to tell the full story. The day concluded with an opportunity for students to converse in a one-on-one session with recent GSB alumni and other professionals.

The student volunteers and the Entrepreneurship & Venture Capital group wish to thank the Polsky Center for Entrepreneurship, esteemed faculty, and alumni in the private equity community for contributing to an event that has quickly become a first-class addition to the outstanding private equity program at the GSB. The upcoming Private Equity Conference is scheduled for February 27, 2004 (visit the EVC website at www.chicagoevc.com periodically for updates).

Financial Aid and So Much More

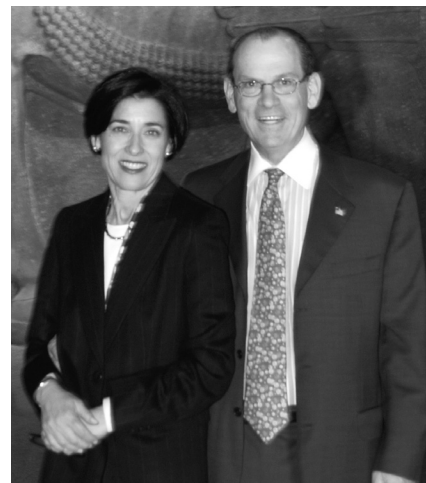
MICHAEL (GSB '64) AND KAREN HERMAN and Joseph (GSB '65) and Jeanette Neubauer are not your typical donors. In addition to providing 3–4 deserving GSB students with over \$50,000.00 in scholarships every year, they also offer these incoming scholars invaluable mentoring and networking opportunities. Both the Neubauers and the Hermans personally read student applications when making their decisions, and both families go out of their way to meet the scholars in person. Follow-up is very important to the Hermans and the Neubauers alike; scholarship winners from previous years often keep in contact with the families well beyond the year in which they receive their scholarships.

The Herman Family Fellowships for Women in Entrepreneurship were created to award women who have the potential and drive to become successful entrepreneurs. A unique aspect of the Fellowship is that applicants are not required to have professional entrepreneurial experience. The Hermans value students who reflect the desire and initiative to seek an entrepreneurial career



Karen and Michael Herman

path someday, regardless of their previous professional experience. Any incoming female student with a genuine interest in entrepreneurship is encouraged to apply. This year, the Hermans have awarded the Fellowship to Sung-Shin (Margaret) Ahn. Ms. Ahn is a medical doctor from Korea specializing in neurological disorders and care of the elderly. She has served in the medical and operational roles of running a clinic and has banked many honors and awards (academic and otherwise), including becoming the first female neurologist at Seoul National



Jeanette and Joseph Neubauer

University. She came to the GSB to reach her goal of creating “retirement complexes” that would provide treatment for the elderly in a way that is in line with their values and beliefs. Last year’s winners of the Herman Family Fellowships were Kristina Burov and Eteri Zaslavsky. This month, the Hermans will come to campus for a celebration reunion dedicated to their fellows, current and past.

The ARAMARK/Neubauer Scholarships for Entrepreneurs are similarly targeted to incoming students with the capacity and determination to make their entrepreneurial objectives come alive. In 2002, those individuals were Chad Iverson and Jason Mortimer. This year, the Neubauers have selected Ranjit Chadha and Assaf Wand. In addition to co-founding and successfully leading the Business Association student-run organization (the largest business student group on the UCLA campus), Mr. Chadha has been on the

→ *Financial Aid, continued on page 8*

Neubauer scholars reunion (L to R) Sam Nickerson (GSB '03), Chad Iverson (GSB '04), Family Friend Bruce Lindsay, and Lalita Advani (GSB '03).



In Brief→ *Financial Aid, from page 7*

founding team for two other companies (GetTaught.com and Zondigo, Inc.). He believes an ethical approach to business, a positive attitude, and the ability to work with and inspire teams are some of the traits that make a successful entrepreneur. Mr. Wand has had a varied background, having served an extended period in the Israeli Airforce, starting his own company (WESS Capital Markets), and living the life of an investment banker. He has also founded/participated in several clubs/associations, including founding the Israeli International MBA Association, founding an interdisciplinary entrepreneurial club and a young venture capital forum, and serving as a mentor in the "Young Entrepreneurs Project."

Like the Hermans, the Neubauers met their Scholars last spring at a gathering for their scholarship recipients that also included friends and nine members of the Neubauer Family. It was a lively event and conversation topics ranged from "can entrepreneurship be taught?" (the answer is 'yes', according to Professor Steve Kaplan) to the recent accomplishments and future goals of the Neubauer scholars.

The Polsky Center for Entrepreneurship, as well as the rest of the GSB, is tremendously fortunate to benefit from the generosity of the Neubauers and the Hermans. They are extraordinary individuals who epitomize the spirit of giving back.

Direct Marketing Idea Wins Business Plan Contest at the GSB

TWO M.B.A. STUDENTS who are developing a software system for direct marketing in the dental industry and similar industries won the 2003 Edward L. Kaplan New Venture Challenge at the University of Chicago Graduate School of Business.

Michael Moyer, 31, and Alyson Tesler, 28, will share the \$25,000 first place award. Their business plan for Vicarious Communication, Inc. beat 58 other plans submitted this year.

The Vicarious plan is for a new marketing software system to help manufacturers and suppliers of dental products, such as teeth whitener or invisible braces, more effectively target market their products through dentists.

The program matches patient profiles created in the dentist's office with specific marketing programs set up by product manufacturers. Dentists then select the campaigns they are interested in and Vicarious sends patients a customized version of the manufacturers' promotional material on behalf of the dentist.

Although the plan is being applied first to the dental profession, the software can be adapted for use in other fields such as optometry or veterinarian recommended pet products.

"The Vicarious plan is creative, attempts to solve a real problem, and has a genuine shot at working," said Steven Kaplan, Neubauer Family Professor of Entrepreneurship and



Steve Kaplan, Neubauer Family Professor of Entrepreneurship and Finance

Finance at Chicago GSB and faculty director of the school's Polsky Center for Entrepreneurship.

Green Hedges, a company that plans to provide insurance against declining home values, shared second place in this year's business plan contest with Iterative Therapeutics, a biopharmaceutical company that develops antibody therapeutics. Iterative Therapeutics' first application targets the multiple sclerosis market. Each second place team will receive \$12,500.

Business plans submitted this year ranged from software and biotech companies to retail products and homeland security.

"Some of this year's teams were so committed that they put up their own money or raised research grants in an effort to get their businesses started," said Ellen Rudnick, clinical professor of entrepreneurship at the GSB and executive director of the Polsky Center.



Collin Anderson (right), one of the 2003 NVC judges, at this year's NVC Kickoff.

A group of venture capitalists and entrepreneurs served as judges for this year's contest. (See attached list of judges.) Founder and primary sponsor of the event is Edward L. Kaplan, founder, chairman and chief executive of Zebra Technologies. Other sponsors this year were the Altheimer & Gray law firm, Fred Dotzler (Managing Director of De Novo Ventures), Silicon Valley Bank Chicago office, and Amanda Peak, associate at Silicon Valley Bank Chicago office.

"The quality of the thought process in the business plans has clearly improved," said Edward L. Kaplan, founder of the contest. "Critical issues were addressed, the presentations were crisp, and the Q&A sessions were very effective," he said.

The annual business plan contest started in 1996 as a way to encourage M.B.A. students at the University of Chicago to put their entrepreneurial vision into practice. In addition to instruction from top entrepreneurship

faculty, students receive training and feedback on their business plans from industry professionals.

Since the New Venture Challenge was founded, 20 teams have gone on to become viable, operating companies.

Judges for the 2003 Edward L. Kaplan New Venture Challenge

Collin D. Anderson (GSB '96),
Co-founder and Past President and Chief Executive, Digital Innovation
Stephen S. Beitler, Managing Director, Dunrath Capital
Fred Dotzler (GSB '72), Managing Director, De Novo Ventures
Gian M. Fulgoni, Chairman and Co-founder, ComScore Networks
Kathryn Gould (GSB '78), General Partner, Foundation Capital
Leon Heller, Founder of Fastweb and Principal of Varin Reality LLC
Karen Kerr, Managing Director, ARCH Venture Partners

Venetia Kontogouris (GSB '77),
Managing Director, Trident Capital
Robert Lunn, Founder, Lunn Partners LLC
Joe Mansueto (GSB '80), Chairman, Founder and Chief Executive, Morningstar, Inc.
Bred Maxwell, Managing Director, MK Capital
Barry J. Moltz, Co-founder, Prairie Capital
John Oxaal (GSB '81), Partner, Sevin Rosen Funds
Michael P. Polsky (GSB '87), Founder, President and Chief Executive, Invenergy LLC
Douglas Reed, M.D., Managing Director, Vector Fund Management
Immanuel Thangaraj (GSB '93), Managing Director, Essex Woodlands Health Ventures
John Van Dyke (GSB '69), President and Founder, Dakota Water Systems
Robert Zieserl, Managing Director, KB Partners

In Brief

Polsky Center Interns Shine at Case Writing Competition

By **Geoffrey Bonn (MBA '03)**

SECOND YEAR STUDENTS Geoffrey Bonn and Christopher Miller each took home first place honors at the Kauffman/Angell Center for Entrepreneurship (KACE) Case Writing Competition. Both Bonn and Miller participated in the summer Polsky Center Internship Program under the tutelage of Professor Ellen Rudnick, Executive Director of the Polsky Center for Entrepreneurship. The Internship Program provides students with scholarship funds which enable them to work with entrepreneurial ventures during the summer between their first and second years of enrollment at the GSB.

Following the internship, each Intern develops a teaching case study based upon his/her experience with the host company. The best case studies of a traditional (for-profit) firm and non-traditional (social or non-profit) firm are submitted for presentation at the annual KACE competition that takes place at Wake Forest University's campus during winter quarter. The competition attracts entrants and judges from top entrepreneurship programs from across the country.

Geoff Bonn's case study covered his internship with MedSpeed, LLC. MedSpeed was a former winner of the University of Chicago GSB Edward L. Kaplan New Venture



Winning team: Geoff Bonn, Professor Ellen Rudnick, and Chris Miller

Challenge business plan competition (see "Direct Marketing Idea Wins Business Plan Contest" on this year's competition on page 8). Bonn's case examined the challenges a start-up

GSB Students Compete in Regional Venture Capital Investment Competition

By **Marta Glazier (MBA '03)**

A team of GSB students competed at the Central Region Venture Capital Investment Competition (VCIC) on March 13-15, 2003 in Ann Arbor, Michigan. The VCIC is a case competition which gives students a realistic look into the world of entrepreneurship and venture capital. Teams of students judge each other's plans as if they were investors, gaining

valuable insight into the perspective of the venture capitalist.

The students headed to the University of Michigan at Ann Arbor to compete in the Central Region challenge. The team, led by Professor Scott Meadow, consisted of: Bernard Berger, (MBA '04); Brian Finerty, (MBA '03); Marta Glazier, (MBA '03); Tim Ramsey, (MBA '03); and Vlad Rom (MBA '03). Upon arrival, the team received five real business plans to review

and to question the entrepreneurs who created them. Eventually, the team would have to provide a detailed analysis complete with reasons to invest or not invest in the particular company. Students used strategies and knowledge garnered from GSB classes, such as Steve Kaplan's Entrepreneurial Finance and Scott Meadow's Commercializing Technology, Ellen Rudnick's Private Equity/Venture Capital Lab,

Toby Stuart's Technology Strategy, and Jim Schragger's New Venture Strategy class.

Although the team did not make it to the finals, they were voted Entrepreneur's Top Choice in the competition. The GSB will participate again in this year's Central Regional VCIC, which will take place March 11-13, 2004 at the University of Michigan.

company faces in selling and pricing its product for key customers. Chris Miller's case study covered his internship with Winning Workplaces, a not-for-profit venture founded by the Lehman family. Miller's case focused on how best to share with other companies the lessons learned by the Lehmans in building a successful workplace environment such as their former company Fel-Pro, the fourth "Best Company to Work for in America" in 1998, according to Fortune.

The aim of the competition is to help students bridge the gap between theory and practice by examining their internship experiences in depth. Participants also have the opportunity to observe other students' presentations and case writing approach. The case studies are being made available via the Kauffman Foundation and the Angell Center so that they may be used in MBA classrooms to teach entrepreneurial concepts. This year, GSB students will once again participate in the KACE competition. For a list of the 2003 Polsky Center Interns and their host companies, see "Polsky Center Interns" on page 14.

New Venture Challenge Prepares Iterative Therapeutics for a Purdue Competition

By Timothy Ramsey (MBA '03)

ON APRIL 17, 2003 THE ITERATIVE THERAPEUTICS (IT) team competed in the Purdue Life Sciences Business Plan Competition. Forty-six teams applied from across the country, but only eight finalists were selected to give a twenty-minute presentation to a panel of judges. Following the presentation, the judges grilled the teams about their science strategy, business model and management. The Spring 2003 "Special Topics in Entrepreneurship" class, for Round II Semi-Finalists of the GSB's Edward L. Kaplan New Venture Challenge business plan competition (see "Direct Marketing Idea Wins Business Plan Contest" on page 8), had prepared the IT team well; the judges at Purdue complimented the team's overall presentation and performance during the Q&A portion of the competition.

IT's journey began three months earlier when Drs. David White and Mark Jensen, neurology researchers at the University of Chicago Hospital, decided to enlist GSB students for the New Venture Challenge. Four students answered the call: Tim Ramsey, Alex Portet, Maya Mehta, and Swatee Surve. Together this team, along with Dr. Barry Arnason (Professor of Neurology), developed a detailed plan for turning the researchers' discoveries in antibody technology and multiple sclerosis treatment into a business.

For the business students, the process provided an opportunity to synthesize operations, marketing, strategy, and science into a coherent package. "I know I can speak for my fellow teammates when I say this project has been an unparalleled learning experience for all," says Ramsey. Although competition at Purdue was fierce, support from the Polsky Center for Entrepreneurship (responsible for running the competition) and coaching from Professors Waverly Deutsch, Steve Kaplan, Scott Meadow, Robert Rosenberg, and Ellen Rudnick were key factors in the refinement of the business plan. As the lone therapeutic company competing at Purdue, IT earned a solid 5th place and a cash prize of \$5,000. Weeks later, a wiser and more experienced IT team tied for second place in the GSB's New Venture Challenge competition.

The judges and students of the New Venture Challenge class suggested many refinements to the plan that were subsequently incorporated. "I would encourage anyone interested in life science entrepreneurship to begin polishing their ideas and business plans in preparation for next year's competition," says Ramsey. For more information on this year's New Venture Challenge Competition, visit the NVC website at www.chicagonvc.com.

In Brief

Maroon Biotech Competes at MOOT CORP

By Professor Waverly Deutsch

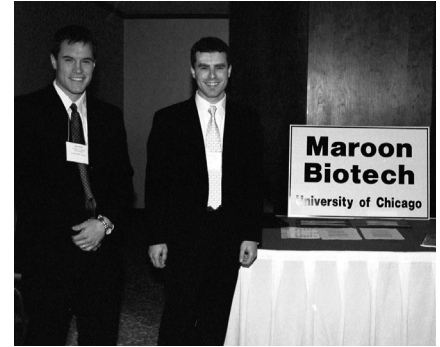
IN THE SPRING QUARTER, I accompanied the 2002 Edward L. Kaplan New Venture Challenge runner-up, Maroon Biotech, to the MOOT CORP business plan competition in Austin, Texas. Maroon Biotech is a perfect example of why university business plan competitions are important. The team is commercializing a cutting-edge technology developed here at the University of Chicago Hospitals by Dr. Raphael Lee that has the potential to dramatically reduce the damage caused by spinal cord injury, heart attack, stroke and other conditions that damage cells. The team of students working with Dr. Lee to bring this breakthrough treatment to market includes Peter Stratil, a joint MD-MBA student who has worked in Dr. Lee's lab for two years, and Jeremy Graff, now a GSB graduate, who has worked with several big Pharmaceuticals companies including Abbott Labs. This collaboration between a university-based researcher and dedicated students with relevant experience, in addition to a world-class scientific advisory board, made Maroon Biotech a very strong team. And business plan competitions not only give companies like Maroon Biotech a place to compete, but also introduce them to venture investors who could help make their dream a reality.

Business Week once called MOOT CORP the "Super Bowl" of business plan

competitions. Teams from all over the world compete, from the University of Michigan and Wharton to the London School of Business and Chulalongkorn University from Thailand. And, amid this stiff competition, the GSB acquitted itself very admirably.

On the first day of the competition, Peter and Jeremy presented their plan to a group of local Austin-based venture capitalists who provide feedback on what is essentially a dress rehearsal. Their view of Maroon Biotech? In the words of one coach, "You should win this competition!" That evening the team showcased the company at a booth in the MOOT CORP exhibition. Student competitors, faculty advisors, local supporters and MOOT CORP judges came by all evening to ask tough questions and get a look at the company's video, which showed the amazing results Maroon's technology has had helping dogs paralyzed in car accidents regain the use of their hind legs.

The next day competition began in earnest. Teams were divided into six divisions, each judged by a different set of local venture capitalists, lawyers, bankers and entrepreneurs. While Maroon scored the highest on all the critical elements—business plan, presentation and business viability—every business plan competition contains a subjective element which influences the judges' decision. The judges chose to send the biotech team from Thailand,



Peter Stratil (joint MD/MBA student) and Jeremy Graff (GSB '03)

whose product was much closer to market than Maroon's, to the finals.

Undaunted by the setback, the team proceeded to win the Murphree Challenge for the runners up in each division the following day—bringing home a victory and \$2000 for Maroon Biotech.

Overall, the team and I agree that business plan competitions are a great experience. They help the company hone its business plan and presentation to a sharp edge, and they provide teams the opportunity to network with venture capitalists and other investors and advisors they wouldn't normally meet. Peter and Jeremy worked long hours on their plan and presentation and it really showed. They did an outstanding job representing the GSB and I was delighted to be there to see it.

Upward-Bound: The Private Equity Lab

FOLLOWING THE COMPLETION of its fourth year, the appeal of Ellen Rudnick's Private Equity/Venture Capital Lab students and companies appears to be broadening tremendously. Despite the sluggish economy, there were 44 students enrolled in this year's lab internship at 28 companies. This represents substantial growth from previous years' numbers, which were typically 18-20 firms hosting up to 25 students. Thanks in large part to the NASDAQ Educational Foundation's generous grant of \$15,000, the honorarium for participating firms was lowered this year, allowing smaller organizations to partake in the opportunity to hire top-quality MBA students at a fraction of the cost. This year, we are pleased to announce that Rick Elfman (GSB '83) and Terri Wareham (GSB '82) have pledged a five-year \$500,000 endowment to support this program in the future.

The program is a unique proposition in the Midwest and, indeed, nationwide, drawing a number of perspective students to the University of Chicago as a

result. Here is a list of the 2003 PE/VC Lab client firms and the students they hosted:

Adams Street Partners; Rita Ravindra
Alpha Capital Partners Ltd.; Paul Neydavood
Apex Venture Partners; Steven Xi
ARCH Development Partners; Richard Jenkins
Beecken Petty & Co.; W. Ross Cardon
Cambridge Capital Partners LLC; Matthew Cantieri, Jon Madorsky
Cardinal Growth LP; Christian Colucci, Patrick Daley, Peter Kotz, Scott Seelbach
Duchossois TECnology Partners; Sanjay Kacholiya, Dhiraj Rajaram
Dunrath Capital; Kim Bingham, Adam Filkin, Catherine Gacad, Rajat Sharma
Essex Woodlands Health Ventures; Lalita Advani
Franklin Street Equity Partners; Shane McDaniel
GTCR Golder Rauner LLC; Christopher Hogg
Illinois Partners; Guy Paproski
JK&B Capital; Swapan Jha

KB Partners; Srinivas Mirmira
Lake Capital; Anthony Broglio, Robert Zielinski
Linden Life Science LLC; Maura O'Neill
Lunn Partners LLC; John Gib Efirid, James Kopczyński, Joshua Leavitt
Madison Capital Funding; William O'Connor
Paradigm Group II, LLC; Jessica Uccellini
Prairie Angels; Mohanad Zahrawi
Prism Opportunity Fund; Chelsea Stoner
River Road Partners; Neil Bizily, Jeff Burtelow
Roundtable Healthcare Partners; Pankaj Agrawal, Geoff Bonn, Bart Sayer, Blake Shepard, Jeffrey Wang
Sterling Capital Partners; Eric Goehausen
Trident Capital; Amarish Mehta
WHI Ventures Fund 1, LLC; Scott Silverman
Wynnchurch Capital; Trent Stout

For more information on the Elfman-Wareham Private Equity & Venture Capital Lab course, including a list of FAQs, visit gsbwww.uchicago.edu/research/entrep/PEL.htm.



Professor Ellen Rudnick (bottom row, far left) and her Private Equity/Venture Capital lab students.

In Brief

Polsky Center Interns 2003

CONGRATULATIONS TO THIS SUMMER'S Polsky Center Interns. Thanks to generous donations from Kathryn C. Gould (GSB '78) of Foundation Capital, John F. Richards (GSB '72) of Crabtree Ventures, and the Kauffman Foundation, there were 18 students that were provided with summer internships (15 at "traditional" start-ups and 3 at "social" start-ups). This year, students will once again compete in the KACE competition (see article on last year's competition on page 10, "Polsky Center Interns Shine at Case Writing Competition"). For more information about the program, visit gsbwww.uchicago.edu/research/entrep/keip.htm.



Professor Ellen Rudnick and the 2003 Polsky Center Interns.

| Student | Client/Firm |
|---------------------|--|
| Blaine Barnett | Alacritude, LLC |
| Kristina Burow | Accelerator Corp. |
| Sudeep Das | FA Technology Ventures/ISOPUR Technologies |
| Barbara Dekeyser | Atomworks |
| Brian Douglas | Vonage Holdings Corp. |
| Giles Jacknain | Winning Workplaces |
| Julianne Leibsohn | comScore Networks |
| Drew Massie | RiskAware |
| Michael McBride | Mobitrac |
| Jason Mortimer | The Natural Step |
| Craig Moye | GGP Ventures |
| Amy Paris | Urban Markets/Carnival Grocery |
| Alex Ronstad | Arrowstream |
| Nick Sinai | Kadis & Company Ltd |
| David Vila | MigrationCentral |
| Erika Wennerstrom | Work in Progress |
| Jeff Wilcoxon | Soda Jerk's |
| Jonathan Wilkenfeld | Advanced Health Media |

Outreach

IN EFFORTS TO REACH OUT to the entrepreneurial and venture capital communities at home in Chicago and nationally, the Polsky Center has co-sponsored various industry and academic events, such as:

Angel Organization Summit III at Gleacher Center

Leaders from North America's angel investing groups were invited to attend the Angel Organization Summit III at the University of Chicago GSB's Gleacher Center on April 28 and 29, 2003. The summit was developed by angel groups for angel groups and focused on networking and the exchange of ideas between angel organizations. Following two successful summits in 2002, the Angel Summit III continued interactive discussions on important attributes of angel organization structure, operations, and investment practices. The event was co-sponsored by The University of Chicago GSB Polsky Center for Entrepreneurship, in addition to the Commonwealth of Pennsylvania, the Ewing Marion Kauffman Foundation, Illinois Coalition, the Mayor of Chicago's Council of Technology Advisors, Midwest Angel Network Association (MANA), National Association of Seed and Venture Funds (NASVF), and Nokia/Innovent.

ADP monthly meeting

The Polsky Center for Entrepreneurship co-sponsored two of ARCH Development Partners' monthly meetings in February and October 2003. These meetings are organized with the Illinois Coalition and the University of Chicago's ITEC (Illinois Technology Enterprise Center at Argonne National Labs). At each meeting, attendees learn more about various new technologies coming out of local universities and research labs, look for job opportunities with startups, and pitch their business plans for possible funding. Headed by Tom Churchwell, founder and a managing partner at ARCH Development Partners, select entrepreneurs are given 10 minutes to pitch their business idea, followed by feedback from among an often packed room of more than 100 entrepreneurs, executives and service providers. The event is an outgrowth of Monday morning meetings Tom held when ARCH Development was part of the University of Chicago. Each Monday, he would hold open meetings to discuss the progress and opportunities for virtual companies ARCH started based on promising, applied research at the University and Argonne National Laboratory. Vicarious Communication, winner of the 2003 New Venture Challenge competition, was among the presenting teams at the October meeting. For information about the monthly meetings, contact ideas@archdp.com.

Springboard

SPRINGBOARD ENTERPRISES is a national not-for-profit organization dedicated to accelerating women's access to the equity markets. The organization produces programs that educate, showcase and support entrepreneurs as they seek equity capital and grow their companies.

SPRINGBOARD VENTURE CAPITAL FORUMS provide women-led high-growth enterprises with access to investment capital and entrée to the community that is committed to building their businesses. The Forum includes a six-month training and coaching program involving investors, accountants, lawyers and business development professionals.

Springboard co-hosts Forums with leading entrepreneurial and academic institutions that have strong reputations and solid community connections. Presenters are strategically teamed with experts who coach their Forum presentations, advise on growth positioning, and provide introductions to their colleagues. The program culminates with a venture capital forum showcasing these women to an audience of investors. This year, the GSB hosted a bootcamp for Springboard presenters at the Gleacher Center on March 20, 2003. The Midwest Forum took place on April 23, 2003 at Northwestern University's Thorne Auditorium. For more information, visit www.springboardenterprises.org.

UIUC Private Equity Conference

The University of Chicago GSB co-sponsored the first annual University of Illinois at Urbana-Champaign (UIUC) Private Equity Conference at the GSB's downtown Gleacher Center on April 25, 2003. The purpose of the conference is to create a dialogue between faculty researchers and private equity professionals in order to bridge the gap between theory and research in the academic field and the realities and trends in the industry. Thanks to the five-year, \$100,000 pledge from corporate sponsor Ernst and Young, LLC, the second annual UIUC Private Equity Conference will take place on April 30, 2004. For more information, please contact Professor Michael Weisbach, Director of the Office for the Study of Private Equity and Entrepreneurial Finance, at 217.265.0258.

In Brief

A New Chapter in the Entrepreneurship Advisory Board

The current members of the Entrepreneurship Advisory Board are listed below. We wish to thank them for their service to the GSB:

David K. Beecken (GSB '70), Beecken Petty and Company LLC

Stephen S. Beitler, Dunrath Capital

Keith L. Crandell (GSB '88), ARCH Venture Partners

Steven M. Dresner (GSB '82), Dresner Capital Resources, Inc.

Merrick ("Rick") M. Elfman (GSB '83), Sterling Capital Partners

Girish J. Gaitonde (GSB '89), Xoriant Corporation

Ralph W. Gidwitz (GSB '74), CapitalResults

Donald W. Hamer (GSB '58), State of the Art, Inc.

Susan Hapak (GSB '89), Current Technologies Inc. and GSB Adjunct Associate Professor of Entrepreneurship

Edward L. Kaplan (GSB '70), Zebra Technologies Corporation

Steven N. Kaplan, Neubauer Family Professor of Entrepreneurship & Finance and Faculty Advisor of the Polsky Center for Entrepreneurship

Rattan L. Khosa (GSB '79), AMSYSCO, Inc.

Michael C. Krauss (GSB '76), Hostway Corporation

Joseph D. Mansueto (GSB '80), Morningstar, Inc.

William A. Miller (GSB '67), Miller Strategic Consulting LLC

Guy Paul Nohra (GSB '89), Alta Partners

Louise E. O'Sullivan (GSB '80), Prime Advantage, LLC

John T. F. Oxaal (GSB '81), Sevin Rosen Funds

Michael P. Polsky (GSB '87), Invenergy LLC

John F. Richards (GSB '72), Crabtree Ventures, LLC

Ellen A. Rudnick (GSB '73), Executive Director of the GSB Polsky Center and Clinical Professor of Entrepreneurship

John W. Rutledge (GSB '94), Oxford Capital Group

Richard L. Sandor, Chicago Climate Exchange, Inc.

Immanuel Thangaraj (GSB '93), Essex Woodlands Health Ventures

William N. Weaver, Sachnoff & Weaver, Ltd.

Paul G. Yovovich (GSB '75), Lake Capital Management

Polsky Center Calendar of Events

Please call us or visit our website for updates/schedule changes.

2003

November 14, 2003
Fifth Annual Willis Stein Entrepreneurial Edge Conference
www.chicagoevc.com

November 20, 2003
Kauffman Fellows Program Info Session
www.kauffmanfellows.org

November 22, 2003
Invention to Venture—Workshops
Illinois Institute of Technology
www.invention2venture.org

December 2003
WestQuest Recruiting Event
For more information, contact Cindy Lin at clin1@gsb.uchicago.edu

December 4, 2003
Edward L. Kaplan New Venture Challenge Past Participants Panel
www.chicagonvc.com

December 4, 2003
Elfman-Wareham Private Equity & VC Lab Info Session
gsbwww.uchicago.edu/research/entrep/PEL.htm

2004
January 2004
Polsky Center Summer Entrepreneurial Internship Info Session
gsbwww.uchicago.edu/research/entrep/keip.htm

January 13, 2004
Edward L. Kaplan New Venture Challenge: "How to Write a Business Plan" Workshop
Hyde Park Campus
www.chicagonvc.com

January 15–18, 2004
USASBE Conference
Dallas, Texas
www.usasbe.org/conference/2004/index.asp

January 23, 2004
KACE Competition
Wake Forest University—KACE
www.mba.wfu.edu/ace/programs.html

February 27, 2004
GSB Private Equity Conference
Gleacher Center
www.chicagoevc.com

March 11–13, 2004
VC Investment Competition—Central Region
University of Michigan
www.vcic.unc.edu/central.cfm

April 15–17, 2004
VC Investment Competition—Nationals

University of North Carolina at Chapel Hill
www.vcic.unc.edu/national.cfm

April 30, 2004
University of Illinois at Urbana-Champaign Private Equity Conference
Gleacher Center

May 5–8, 2004
MOOT CORP
University of Texas at Austin
www.mootcorp.org

May 26, 2004
Edward L. Kaplan New Venture Challenge Finals
Gleacher Center
www.chicagonvc.com

May 27, 2004
Edward L. Kaplan New Venture Challenge Elevator Pitches
Hyde Park Campus
www.chicagonvc.com