

# New Venture News

A Newsletter on Entrepreneurship and Private Equity

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

## Taking a Global Initiative

### Entrepreneurial Immersion: China 2007

#### IN THIS ISSUE

From the Director → 2

Eye on Alumni → 3

Student Spotlight → 4

Ask the Faculty → 6

Events and  
Conferences → 7

NATIONAL BORDERS no longer confine the growth aspirations of entrepreneurial ventures; even the smallest of companies can have operations and partnerships that are global in reach. For many companies, the international markets are not only the gateway to an almost unlimited customer base, but also the opportunity to maximize efficiencies and minimize expenses. To learn more about this important gateway, the Polsky Center, with the aim to provide theoretical and experiential learning on how to operate in the global arena, recently launched the Global Initiative and proudly presents its first component, Entrepreneurial Immersion: China 2007.

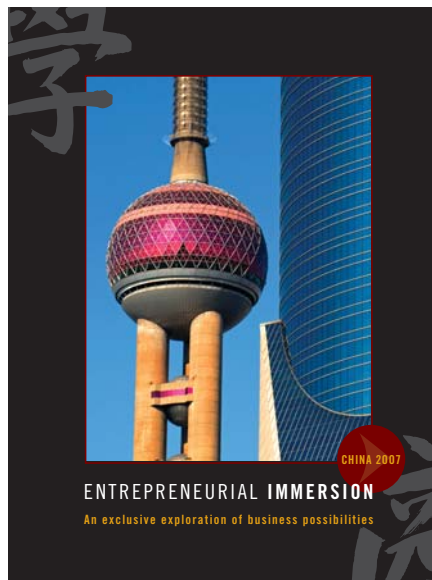
For 10 days beginning August 26, professors Linda Darragh and Ellen A. Rudnick, '73, will lead an intimate group of Chicago GSB alumni, students, and friends of the Polsky Center on a behind-the-scenes tour of entrepreneurial China. Guests will have unprecedented access to state-of-the-art entrepreneurial facilities and engage in conversations with prestigious U.S. and Chinese

companies operating in China as well as Chinese government officials. The group also will network with GSB alumni living in China and learn about how Chinese cultural traditions impact social and business interactions.

"We've lined up our itinerary so that every city we visit and every person we meet will provide greater insight into what it takes to do business in China," says Darragh. "People who are serious about expanding their businesses globally will

consider this an indispensable opportunity."

The ten-day excursion will take travelers to Beijing, Shanghai, and Hong Kong, with optional trips available to Dalian and Macau. From the state-of-the-art Knowledge and Innovation Community (KIC) to the Hong Kong Exchange, travelers will learn how entrepreneurs thrive in China.



[ChicagoGSB.edu/entrepreneurship](http://ChicagoGSB.edu/entrepreneurship)

#### REGISTER TODAY

**Entrepreneurial Immersion: China 2007**

**August 26 to September 4, 2007**

[ChicagoGSB.edu/entrepreneurship/immersion](http://ChicagoGSB.edu/entrepreneurship/immersion)

## New Venture News

Volume 8, Number 2 | Spring 2007

### Michael P. Polsky Center for Entrepreneurship

Executive Director → **Ellen A. Rudnick, '73**

Faculty Director → **Steven N. Kaplan**

Director of Entrepreneurship  
Programs → **Linda Darragh**

Director of Business Development,  
Asia → **Dinesh Ahluwalia**

Associate Director of Entrepreneurship  
Programs → **Starr Marcello**

Associate Director of Marketing and  
Communications → **Stephanie Marcucci**

Program Manager → **Anna Bishop**

Office Manager → **Robyn Searles**

Design → **Sorensen London, Inc.**

*New Venture News* is published three times annually by the University of Chicago Graduate School of Business, Polsky Center for Entrepreneurship, 5807 South Woodlawn Avenue, Chicago, Illinois, 60637.

Uncredited photos courtesy of Chicago GSB archive.

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

### Entrepreneurship Advisory Board

|                                     |                                     |
|-------------------------------------|-------------------------------------|
| David K. Beecken, '70               | Guy P. Nohra, '89                   |
| Stephen S. Beitler                  | Louise E. O'Sullivan, '80           |
| Keith L. Crandell, '88              | John T. F. Oxaal, '81               |
| Steven M. Dresner, '82              | Michael P. Polsky, '87              |
| Merrick (Rick) M. Elfman, '83       | John F. Richards, MBA '72, MA '95   |
| Girish J. Gaitonde, '89             | Ellen A. Rudnick, '73               |
| Ralph W. Gidwitz, '74               | John W. Rutledge, '94               |
| Donald W. Hamer, '58                | Richard L. Sandor                   |
| Susan Hapak, '89                    | Immanuel Thangaraj, AB '92, MBA '93 |
| Edward L. Kaplan, '70               | James Tyree                         |
| Steven N. Kaplan                    | William N. Weaver                   |
| Rattan L. Khosa, '79                | John R. Willis, '74                 |
| Michael C. Krauss, AB '75, MBA '76  | Paul G. Yovovich, AB '74, MBA '75   |
| Joseph D. Mansueto, AB '78, MBA '80 |                                     |
| William A. Miller, '67              |                                     |

# A Message from the Director

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



Ellen A. Rudnick, '73

Credit: Dan Dwy

2007 IS A YEAR OF MANY NEW initiatives for the Polsky Center. One of these new initiatives is to expand our programming outside the United States. Our premiere event is Entrepreneurial Immersion: China 2007—an unprecedented ten-day trip where we will visit various entrepreneurial cities in China.

In August, Professor Linda Darragh and I will lead an intimate group of alumni and friends of the Polsky Center through high-tech parks, visit with Chinese and U.S. entrepreneurs operating in China, discuss business policy with Chinese government officials, and even tour financial hubs such as the Hong Kong Exchange and the Shanghai Futures Exchange. Read the cover article for more detailed information about this exciting opportunity and how you can get involved.

To further support our global efforts, we are pleased to announce the appointment of Dinesh Ahluwalia as director of business development in Asia, based at the Chicago GSB Singapore campus. In his new role, Dinesh will work with the Polsky Center to plan and implement entrepreneurial outreach programs throughout Asia.

We also are pleased to add two new sponsors to this year's New Venture Challenge business plan competition. Both Daimler-Chrysler and Mitsubishi will be providing funds to support the competition as well as additional equity prizes to the winning teams. The Daimler-Chrysler award focuses on innovative technology and the Mitsubishi prize focuses on the team with the greatest international promise.

On April 12, the Polsky Center, together with several XP alumni, launched the Hyde Park Angels Network (HPA). The mission of the network is to provide both financial and expert resources to assist seed and early stage companies primarily located in the Midwest with preference for companies that have an affiliation with the University of Chicago or its alumni. Learn more about HPA by visiting [hydeparkangels.com](http://hydeparkangels.com).

Finally, with all of our growth has come the need for more space. We are excited that we will be moving into new space in the Charles M. Harper Center (formerly the Hyde Park Center) over the summer months. We look forward to welcoming both new and returning students to our new home on the second floor.

Sincerely,

Ellen A. Rudnick, '73

## Eye on Alumni

# Building Business with Chad Meyer, '01

By Stephanie Marcucci

A STOCK MARKET CRASH isn't typically when entrepreneurs set out to start a winning financial-based business, but for Chad Meyer, '01, CEO of *BridgePortfolio*, the timing has worked well.

In March 2000, while Meyer and his cofounder, Thury Foster, '01, attended Chicago GSB, they incorporated *BridgePortfolio*—a company that has taken several turns to do what it now does best: provide back office services—from Web-based technology to portfolio accounting and reporting—to the investment advisory community, including brokerage and clearing firms. *BridgePortfolio* now serves more than 60 clients in 22 states, and Meyer has his sight set on continued growth.

“There are people with ‘smarts’ and ‘guts.’ I wanted to be the person with both.”

“We want to capture more of the 20,000 possible clients that exist out there. The competition we have currently doesn't provide the whole suite of services that we do, so we are in a good position,” says Meyer.

*BridgePortfolio*'s “suite of services” includes document imaging, paperwork processing, integration with CRMs, and financial planning tools for existing and future clients.

Meyer's confidence stems from his previous travels down the entrepreneurial road. A big believer in combining education with a “just do it” attitude, Meyer earned his JD from the University of Pennsylvania Law School, spent one year in the MBA program at Wharton, then dropped out to start three companies in the construction industry before heading back to Chicago GSB where he earned his MBA.

“There are people with lots of education who have ‘smarts’ and people without degrees who have ‘guts.’ I wanted to be the person with both,” Meyer says. And he's proof that it is possible to do exactly that, especially with dedicated investors and team players.



Chad Meyer, '01, CEO of *BridgePortfolio*, stands outside his downtown Chicago office.

Meyer also is proud of *BridgePortfolio*'s humble investment beginning. “Our business definitely would have been hurt had we started out with a lot of capital. We know now that so many in the dot-com bubble got more VC money than they needed, spent it, and then went out of business. We've had one developer in seven years who has known from the beginning that there was no pot of gold just sitting around. As a result, he has developed our technology very efficiently, and that's just one example.”

That said, *BridgePortfolio* is now at a point where it is ready for more investors, and Meyer is working to raise an additional \$3 million to help expansion efforts.

*BridgePortfolio.com*

Learn more about  
Chicago GSB  
innovators on page 8.

## Student Spotlight

## Serious Competition

Every year, dozens of students at Chicago GSB showcase their entrepreneurial skills beyond the classroom by participating in national and international competitions and conferences. In just the past few quarters, these students have enthusiastically represented the school.

### ParkWhiz Wins at Navteq Challenge

ParkWhiz, an online company that helps users find parking information, won the Navigation Prize at the Navteq LBS Challenge at CTIA Wireless 2007 in Orlando. ParkWhiz, led by CEO Aashish Dalal and current student Rags Vadali, took home \$10,000 in cash and \$75,000 worth of NAVTEQ map

data licenses for up to one year. The company also is participating in the 2007 New Venture Challenge at Chicago GSB. [parkwhiz.com](http://parkwhiz.com)

### Two NVC Teams Semifinalists at Jungle Competition

Braintree Financial, led by Bryan Johnson, '07 (XP-76), and Jade BioMed, led by current students Dan Bergtholdt, Rishi Garg, and Nate Grobe, were two of 24 semifinalists who pitched their plans in April at the 2007 Jungle Business Plan Competition in New York City. The competition was open to MBA, MS, and PhD students from around the world and garnered 150 entrants. Both teams also are competing in the 2007 NVC. In 2006, Chicago GSB team SunPhocus won the top Jungle prize. [www.mbajungle.com/businessplan2007](http://www.mbajungle.com/businessplan2007)

---

## Jacob Qualls' and Team Wins Funding for Chicago Nonprofit

Student team Little Black Pearl—Thomas Davenport, Jacob Qualls, Anka Twum-Baah, and Roger Whitenhill were one of six finalist teams at the JP Morgan Good Venture Competition in New York. The team made a case for investing in Little Black Pearl, a community-based nonprofit organization in Hyde Park that runs an after-school program teaching sculpture, painting, and business principles to neighborhood children. They also secured a promise of a donation to the nonprofit from the judges. The GSB team was one of 65 teams from 41 schools who submitted funding proposals for nonprofits involved in developing community assets, educating children, or supporting arts and culture.

Qualls, who also will take part in the Entrepreneurial Internship Program this summer, talks about the competition.



Current student Jacob Qualls

### Q. What insights did you bring to the Little Black Pearl Team?

A. I have prior experience within consulting, marketing, and operations within Fortune 500 companies and socially entrepreneurial endeavors. My role in the pitch was to perform

due diligence on the programs of the organization, analyze the strengths and weaknesses of the operational budget, and create the presentation strategy/investment pitch.

### Q. What attracted you to the competition?

A. I initially learned about Little Black Pearl through a friend who volunteered for the dynamic organization. The children within the program learn about the business of art through the production and sale of their individual works. The Good Venture opportunity offered a different value proposition compared to a traditional business school competition. The contest was more about helping talented kids from the south side improve their business and artistic acumen than obtaining personal accolades or prizes.



[ChicagoGSB.edu/news/2007-03-30\\_jpmorgan-goodventures.aspx](http://ChicagoGSB.edu/news/2007-03-30_jpmorgan-goodventures.aspx)

## VCIC Team Wins Regionals

Students Mark Buchanan, Sam Kruger, Richard McCormack, Jason Starr, and Vineeth Subramanyan took first place in the central region Venture Capital Investment Competition (VCIC)



Current student Sam Kruger presents his case to the judges.

in February. The student team beat out teams from seven other schools. Acting as mock venture firms, teams heard pitches from actual CEOs, evaluated real business plans, and then performed due diligence, drafted investment memos, and presented their proposed investment to a panel of judges who work as venture capitalists. To qualify

for the competition, the team won a separate contest held at the GSB in January.



[ChicagoGSB.edu/news/2007-03-16\\_glencoe\\_vc.aspx](http://ChicagoGSB.edu/news/2007-03-16_glencoe_vc.aspx)  
[www.vcic.unc.edu](http://www.vcic.unc.edu)

## Former NVC Winner Competes at MOOT Corp

Students Anshu Dewan and Raj Majumdar of Hybridtronics, Inc., third place winner of the 2006 New Venture Challenge at Chicago GSB, won the Division 5 Outstanding Market award, the Thompson & Knight Challenge Award, and \$1,000 at the 2007 MOOT Corp business plan competition in May. Hybridtronics is a Chicago-based company involved in commercializing hybrid electric vehicle technology for trucks and buses in Asia. [hybridtronics.com](http://hybridtronics.com)

## Peekaboo Intimates in HKUST Finals

Peekaboo Intimates, led by students Nida Kamal, Rachel Williamson, Ryan Blask, and Carrie Chan, won honorable mention (second place in the semi-final session) and \$1,000 in the the HKUST International Business Competition in Hong Kong in May. The team, whose company is a brand of modern women's intimate apparel targeting the urban Chinese market, also is participating in the 2007 New Venture Challenge at Chicago GSB.

[www.bm.ust.hk/mbaplan](http://www.bm.ust.hk/mbaplan)

## Did You Know?

**Steven N. Kaplan**, Neubauer Family Professor of Finance and Entrepreneurship, testified at a hearing on Capitol Hill in March on the "Shareholder Vote on Executive Compensation Act." Read Kaplan's testimony titled "Are U.S. CEOs Overpaid?" online at [ChicagoGSB.edu/news/2007-03-09\\_kaplan\\_ceo.aspx](http://ChicagoGSB.edu/news/2007-03-09_kaplan_ceo.aspx)

**James E. Schrage**, Clinical Professor of Entrepreneurship and Strategic Management, will address the class of 2007 at the Chicago GSB convocation in June.

The **Hyde Park Angels Network** was launched to provide financial and expert resources to assist seed and early stage companies primarily located in the Midwest. Learn more about HPA at [hydeparkangels.com](http://hydeparkangels.com).

The **University of Chicago college** held its second annual Entrement to celebrate entrepreneurship. Polsky Center board member Joseph Mansueto, AB '78, MBA '80, founder, Chairman, and CEO of Morningstar, delivered the keynote address.

## Raj Majumder Wins TiEcon Scholarship

Current student Raj Majumder won the 2007 TiE Midwest Scholarship, sponsored by TiE Midwest and the Polsky Center. The award provides Majumder an all-expense paid trip to attend TiEcon, the organization's flagship event. On May 18 and 19 in Santa Clara, California, Majumder joined successful venture capitalists, investment bankers, policy makers, leading law firms, entrepreneurs, and industry professionals from across the United States, South Asia, and Europe. Over the past ten years, led consulting engagements, started his own company, and has grown one of the strongest technology brands from \$300 million to a \$1.6 billion company. TiEcon 2007 presents a unique and valuable opportunity for Majumder to connect with entrepreneurs and investors who may be able to advise and assist him with his newest venture.

[TiEcon.org](http://TiEcon.org)

## Faculty

## Ask the Faculty: How Do I Make a Successful Partnership?

MANY ENTREPRENEURIAL ventures are started by a team of two or more partners. Selecting the right partnership, however, may be one of the most important decisions. Ellen A. Rudnick, '73, executive director of the Polsky Center and clinical professor of entrepreneurship, points out a few things to keep in mind to improve the likelihood of a successful partnership.

### Be certain that you share similar core values and long-term objectives

Ask yourself this series of questions: Does this person agree with me on my vision, passion, and work ethic? Do we agree on the definition of success? If one of us wants to cash out after the business achieves a certain milestone and another wants to grow the business for the long term, what problems will we face? Do we share the same level of integrity?

### Identify partners who have complementary skills

Oftentimes entrepreneurs look for people who are like themselves without looking for partners who bring new skills and complement the areas where they are not strong. Delineate roles and responsibilities to reduce areas of overlap. Usually, successful partnerships involve one person who has strong vision and strategic skills and another who has strong management and execution skills.



### Assess one another's communication skills

Ask yourself this series of questions: Is this person someone who has respect for different points of view? Will we be able to reach consensus when we have differences of opinion? Will we be able to accept critical feedback and speak openly about the positives and negatives of the business and the relationship? Do we listen well? Are we aware of how our behaviors impact one another and the organization?

### Assure you are compatible

Typically, you date before you get married. In business, you should try to work with someone on a project before you partner with them on a venture. Past history is a very good predictor of future behavior.

### Put the partnership in writing

Determine up front how the equity will be split and how each partner will be paid. An equal split is not always necessary; instead, consider what value each person brings to the party and how much personal investment is made by each partner. Agree what will happen if one partner leaves the business: can one partner buy the other partner out or can the partner keep his/her equity until there is a liquidity event? What happens in the case of death or disability? Can the company buy the shares back or do they go to the partner's heirs?

### Do due diligence

When people know one another, they often overlook checking references. Just because you know someone in one context does not mean that they have similar behaviors in another context. Talk with people who have worked or had social interactions with this person. In particular, find out how this person reacts in times of adversity. Most businesses will go through periods of difficulty; how will this person react in these situations?

### Be cautious of friends and family as initial partners

Building businesses is very challenging, and adversity will test your relationship with your partners. If you have close friends and family members in your business, you will put those relationships at risk. Consider having them cheer you on rather than putting them in the situation of compromise or defeat as a business partner.

## Events and Conferences

# “Is Private Equity a Good Idea?”

By Carmen Marti

“SPEAKING NOT AS A PRACTITIONER, but as an observer,” said Howard Marks, ’69, chairman of Oaktree Capital Management, “is private equity a good idea?”

Marks posed the question in his afternoon keynote address at the sixth annual Beecken Petty O’Keefe & Company Private Equity Conference February 16 at the Chicago Cultural Center. The event was organized by the Polsky Center and the student-led Entrepreneurship, Venture Capital & Private Equity Group.

Marks said private equity has changed dramatically over the past 20 years. Before the current decade, he explained, risk capital was in limited supply, which caused managers to promise a high return. But there hasn’t been much risk in recent years.

“In the past five years, there has been very little risk at all,” he said. “From 2000 to 2002, the stock market was down. When stocks weren’t returning as high as they had, people turned to alternative investments. Now there’s a strong demand for esoteric investments, and this has overcome innate caution,” he said. “Investors with large amounts of money are demanding access to the high-risk market. Everybody wants to get into



Credit: Beth Rooney

Howard Marks, ’69

private equity. Buyout now has so much money there are bidding wars. Can this exist along with bargains? No.”

Yet, bargains are the nature of private equity. “In an efficient market, things sell for what they’re worth—no more, no less,” Marks said. “But you can’t succeed buying companies at a fair price. For a high rate of return, there have to be inefficiencies. Review your thinking if you think private equity is efficient. Return opportunity is far superior with inefficiency. Anybody contemplating coming into the world of management should consider this.”

When you consider private equity, ask yourself whether “you’re a fish or fisherman,” Marks said. “Then ask yourself if private equity is a good idea.”



Read this and other highlights from the conference online at [ChicagoGSB.edu/news/2007-Peconf/index.aspx](http://ChicagoGSB.edu/news/2007-Peconf/index.aspx)

## Chicago Celebrates E-Week USA

On February 26, Chicago celebrated EntrepreneurshipWeek USA with Fast Pitch, a forum that brought together nearly 200 entrepreneurs, entrepreneurship professors, students, and investors. The Ewing Marion Kauffman Foundation, *The New York Times*, and *Inc.* magazine sponsored the national event that spanned February 24 to March 3 and had entrepreneurs buzzing in cities across the United States.

Chicago GSB was among the sponsors of Fast Pitch, where a handful of students and alumni competed against other area entrepreneurs. ParkWhiz (see Student Spotlight on page 4)

won first place in the Web-based products category as well as first place overall. The Perfect Dinner, LLC, led by XP student Karen Gruber, won first place in the consumer products category.

## Sales for Success

When the Polsky Center launched “Sales for Success” on February 17, it roused almost 100 students on a Saturday morning to consider the nitty-gritty of entrepreneurial sales. This first-time conference combined traditional lecture and panel formats with a unique working lunch that let participants practice techniques like cold calling and developing a sales pitch through sales scripts.

Peter Kadens, founder and CEO of Acquirent, who led the lunch time exercise, acknowledged the value of sales scripts—physical outlines of what sellers want to say when making a sales pitch. He also explained why it is important. “The reality is that you can seem very disingenuous if you’re too scripted and too rehearsed,” said Kadens. “But it’s great to have something to rely on, especially when you’re in the nascent stages of growing your business and in sales.”

## UIUC and GSB Partner

On April 20, the University of Illinois Urbana Champaign and Chicago GSB co-hosted their

annual conference “Private Equity and its Role in the Economy.” This year, scholars from the Wharton School, the Swedish Institute for Financial Research, and the host universities presented cutting-edge research on topics ranging from “The Economics of Private Equity Funds” to “The State of the Buyout Market.” The scholars’ theories were either supported or contested by the practitioners that included partners from Madison Dearborn, Stockwell Capital, GTCR, Willis Stein, Adams Street Partners, LaSalle Bank, Houlihan Lokey, and JKB Capital.

## Alumni Innovation

The GSB entrepreneurial network continues to grow and flourish. Updates on alumni entrepreneurial initiatives are listed below. Please send your updates to [stephanie.marcucci@ChicagoGSB.edu](mailto:stephanie.marcucci@ChicagoGSB.edu)

**Alyson (Tesler) Anderson '04**, is a partner at Retail Concepts, a Massachusetts-based firm that assists small and mid-sized retailers with starting and growing their business. The company is growing rapidly and was able to hire additional staff this winter to help handle the increasing client list.

[retailconcepts.com](http://retailconcepts.com)

**Dan Anderson, '94**, is COO of LiquidTalk Networks, a Chicago-based company that creates enterprise business applications for digital media devices. The company raised \$2.4 million in Series A funding led by Meakem Becker Venture Capital.

[www.liquidtalk.net](http://www.liquidtalk.net)

**Stefania Aulicino, '79**, is CEO and founder of CapitalLink USA, providing growth capital for businesses. The company recently announced a minority ownership investment of \$6 million for BMG Seltec, a California-based company providing the first complete suite of point-of-sale automation and operations management software specifically designed for the bulk construction materials industry.

[capitallinkusa.com](http://capitallinkusa.com)

**Santanu DasGupta, '04**, and **Swapan Jha, '04**, have recently launched zMobs, a service that allows users to post classified listings for buying and selling goods within their personal network. zMobs also facilitates easy tracking of listings and messages, and offers integration with major online services such as Yahoo!Mail, Facebook, GMail, and LinkedIn.

[www.zMobs.com](http://www.zMobs.com)

**Gary Garlai Lo, '04** (AXP-3) along with several colleagues from the AXP-3 class, started Rankaroo, an easy-to-use organization tool for sharing Internet

"favorites" and chatting with people that share interests.

[Rankaroo.com](http://Rankaroo.com)

**Matthew Maloney**, evening student and founder of Grub Hub, an online food delivery directory, was featured on PBS Chicago affiliate WTTW-TV Channel 11 during "CEO Exchange" in May. Maloney was highlighted during a segment of the show as a current student and business owner.

[grubhub.com](http://grubhub.com)

**Gunther Scherz, '05** (AXP-3), and **Dr. Sylvia Ramirez, '05** (XP-75), XP husband and wife team, acquired two U.S. franchises earlier this year: Dermacare—a laser and skincare clinic network, and glominerals—a mineral make-up company.

[dermacare.com](http://dermacare.com) and [glominerals.com](http://glominerals.com)

**Jeff Wilcoxon, '04**, **Chris Hill, '04**, and **John Rutledge, '94**, cofounders of Bobtail Ice Cream Company, will open two new stores in late spring—338 West Armitage in Chicago and 1114 Central in Wilmette, Illinois, for a total of five locations.

[bobtailicecream.com](http://bobtailicecream.com)



**Michael P. Polsky Center for Entrepreneurship**

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

[ChicagoGSB.edu/entrepreneurship](http://ChicagoGSB.edu/entrepreneurship)

Non Profit Org.  
U.S. Postage  
**PAID**  
Chicago, Illinois  
Permit No. 3673

