According to MIT Enterprise Forum CEO Edmund M. Dunn, “Marketing strategy involves some of the most important decisions affecting any company. We have selected a group of CEOs for our June 5th program who have done a great job of handling these critical issues. Their expertise will be of great interest to anyone involved in early stage management.”

“Winning In The Marketplace: Successful Entrepreneurs Tell How They Did It” is the next program in the MIT Enterprise Forum’s on-going Satellite Broadcast Series. The broadcast will feature a panel of experts discussing the different marketing challenges that growing companies face in an attempt to position themselves as market leaders. As with all of the Enterprise Forum® broadcasts, “Winning In The Marketplace” will provide information and education to entrepreneurs, start-ups, and other parties interested in the marketing of business ventures. Among other things attendees can expect to learn are how to thrive in a niche where this is significant competition; how to market a product or service that has features which are new to the marketplace; how to sell a product which involves changes in consumer behavior; and how to position a product that is superior in ways which are hard to quantify.

The program moderator is Glen Urban, Professor of Management and Dean Emeritus, MIT Sloan School. The members of the panel include Mike DiFranza, CEO, President and Founder, Captivate Network, Inc.; Greg Erman, President and CEO, MarketSoft Corporation; Nick Lazaris, President and CEO, Keurig, Inc.; and George Mueller, Co-founder, Chairman and CEO, Color Kinetics Incorporated. The broadcast on June 5th will include an overview of the topic by the moderator, further exploration of the subject by each panelist, and an interactive discussion featuring questions from attendees and satellite-downlinked participants from around the world.

Program Moderator

Glen Urban is a Professor of Management and Dean Emeritus at the MIT Sloan School of Management. Urban has been a member of the faculty since 1966, and served as Dean from 1993 to 1998. In addition, he is Co-Director of the Center for eBusiness@MIT.

Urban’s prize-winning research focuses on management science models that improve the productivity of new product development and marketing. His groundbreaking work in premarket forecasting, Assessor, has been used to predict

continued on page 3
EXECUTING PLANS

On June 5, 2002, the Enterprise Forum will show our 17th Satellite Broadcast. If you look back at these broadcasts, it should be obvious that our intent has been to produce a collection of programs representing a course in “Starting and Running a High Technology Business.” In the past, we have addressed issues such as “What Private Equity Investors are Looking For,” “Structuring Venture Capital Deals,” and “Exit Strategies.” After examining our set of programs, the obvious question to ask was, “Which subject areas need to be addressed more fully to round out our Entrepreneurship Course?” The decision we have reached is that there are numerous issues under the general heading of “Executing Plans” which deserve a great deal of attention.

Consider what went on during the “Internet Bubble.” People had no problem interesting private equity investors, structuring venture capital deals or exiting. What was much less in evidence was successfully executing business plans. With this program, we will start to focus on the set of events which must take place in order for any venture to be successful. That is, we will be looking at the actions which must happen between deal structuring and exiting that lead to prosperity. In the case of this June’s program, we are concentrating on the strategic side of marketing in a program entitled “Winning in the Marketplace: Successful Entrepreneurs Tell How They Did It.”

Suppose that you or a close friend were going to be entrusted with running a company which had a number of significant competitors. Most companies do. What decisions would you have to make to ensure you and your company would have a fighting chance in that kind of situation?

Consider the situation of someone selling advertising exposure in a medium which hadn’t existed previously. How would you go about making the value proposition clear to potential clients?

Suppose you have a product with a set of significant advantages, but your potential customers will have to rethink the way they use a product they have used for years. How do you demonstrate that it is worth their while? How do you get consumers to change their habits?

Finally, if you have a product which is in some sense superior, people can usually be persuaded to pay more for it. If, for example, you had a light bulb which lasted twice as long, it should be straightforward to get people to pay some sort of premium for it, particularly if the price per hour wound up being less. However, how would you get the value proposition across if your product’s edge was not brightness or life, but was based on aesthetic considerations which are just as real but hard to quantify?

For our June 5th program, we have assembled a team which is in a great position to comment on issues such as the ones raised above. I think that their insights should be of interest to everyone concerned about the issues surrounding the running of an early stage firm. I hope to see you there.
the success and profitability of more than 3,000 new consumer products around the world. Information Acceleration, a methodology developed from Assessor and devised by Urban, uses multi-media computer technology to simulate future sales of a product. Currently, Urban is focusing on the development of trust-based marketing on the Internet, and how virtual advisors can generate trust between customers and websites.


Urban earned a BS in Mechanical Engineering and an MBA from the University of Wisconsin, and a PhD in Marketing from Northwestern University. He is the co-author of five books and has won awards from the American Marketing Association and the Wharton School at UPenn in recognition of his work in marketing research. In 1983 and 1986, Urban won the O'Dell Award for Best Paper Published in Marketing Research.

The Panelists
Mike DiFranza is CEO, President and Founder of Captivate Network. Since its beginnings in 1997, the company has grown into a national news network, securing more than $100M in funding. Utilizing more than 15 years of media, marketing, and sales experience, DiFranza negotiated and secured distribution rights to over 1100 North American office towers, growing Captivate from zero viewers to a monthly audience of 3.6 million viewers, in less than 16 months.

Prior to founding Captivate, DiFranza served with Mentor Graphics as director for the Eastern U.S., Canadian, and Latin American Business Units. In that role, he supported the development of underlying technology for the media and telecommunications industries. Previously, DiFranza held a variety of engineering management positions with Metheus Corporation and GCA Corporation.

In recognition of his accomplishments in the media industry, DiFranza was a finalist for the Ernst & Young Entrepreneur of the Year in both 2001 and 2002, and was named to the “Forward 40” by Boston Business Forward.

DiFranza holds a BS in Engineering and Computer Science from Northeastern University and is a graduate of the Harvard Business School’s Program for Management Development.

Greg Erman is President and CEO of MarketSoft Corporation, an enterprise software company that he built to help organizations deliver “immediate marketing.” Erman has raised $70M in capital and has grown MarketSoft to a prominent position in the burgeoning Marketing Automation category.

Previously, Erman was President & CEO of Waypoint Software Corporation, which developed eCommerce applications for business-to-business product catalogs on the Internet. He founded the company and sold it to Open Market, Inc., a publicly traded leader in Internet commerce, in 1997, earning his institutional investors an annualized return of 1,278 percent. Prior to founding Waypoint, Erman served as Vice President of Sales and Marketing for an electronic messaging software company, and spent eight years at Digital Equipment Corporation in national account sales and senior product management positions.

Erman received a BS in Electrical Engineering and an MBA in Marketing, both with high honors, from Rutgers University, and serves on the boards of MIT’s Technology Capital Network and several private companies.

Nick Lazaris is President /CEO and Director of Keurig, Inc., the leading portion-pack single-cup coffee brewing system in the United States. Lazaris has served in his role at Keurig since 1997, and helped to launch the company’s patented brewing system after only one year of product design and development.

Prior to joining Keurig, Lazaris served as Division Vice President of Office Specialists, responsible for its contract technical staffing division, Tech Specialists. From 1989 to 1995, Lazaris was President/CEO and Director of MW Carr, an upscale photo frame manufacturer and importer. He also worked in a variety of positions from 1985 to 1989 for Barry Wright Corporation, a NYSE diversified manufacturer, including Division Vice President Marketing, Division Vice President Finance, and Corporate Director of...
Nobel Laureate, “Entrepreneur of the ‘90s” Share Wit & Wisdom at MIT Forum of Dallas-Fort Worth

By Mary Swensen
MIT Enterprise Forum of Dallas-Fort Worth

From the East Coast and the West Coast, two groundbreakers in their respective fields met on the “Third Coast” known as The University of Texas at Dallas (U.T. Dallas) and held a lively public conversation at the MIT Enterprise Forum of Dallas-Fort Worth on January 17th.

Wu-Fu Chen, called the greatest entrepreneur of the 1990s by leading business editors, and Alan MacDiarmid, Ph.D., winner of the Nobel Laureate in Chemistry in 2000 for co-discovery of conducting polymers, came to Texas to meet for the first time at the Forum, and to celebrate their new ventures in the Dallas area.

Speaking informally and with great humor and wisdom, Dr. MacDiarmid and Mr. Chen shared their lives, motivations and observations with a crowd of close to 400 enthusiastic technology entrepreneurs, business and academic VIPs, students, and people interested in the future of technology.

Dr. MacDiarmid cited his upbringing in New Zealand where his family lived in primitive conditions, but with strong family support, as being a strong influence on his drive to innovate to solve problems. He read his engineer/father’s chemistry book, which became the starting influence towards the subject matter of his future innovations.

His life, which he says was changed forever after a caller on October 10, 2000 informed him he had won the Nobel Prize in Chemistry, is a life whose scientific progress is governed by beauty and color along with curiosity. However, he says he also likes money because research needs money. He said, “Vision without money is a hallucination.”

Mr. Chen, who started his entrepreneurship later in life, said he was not a scholar. He was thrust into entrepreneurship when he came to the realization, while working as a salesman in San Francisco, that one needs to be close to money to succeed. For him, the two ways to be close to money were either to climb a corporate ladder or start his own business. He decided to start a business with no money and no experience, believing that it would take him 10 years to succeed. It actually took him only eight years leading to his new career as a “serial entrepreneur.”

Now, he is nurturing technology entrepreneurs through his new venture, Genesis Campus in Dallas. “It’s never too early to get involved in the convergence of science and the marketplace,” he said. Chen believes that the companies he becomes involved with should offer him the opportunity to bring additional value if he is to invest in them. Regarding nanotechnology, he believes it will take five-to-seven years to begin paying off.
The program concluded with advice Dr. MacDiarmid offered to new graduates. He said, “Don’t necessarily believe what supervisors, advisors and textbooks say. Question everything. If you think something can be done then it can be done. Don’t limit your thinking.”

Neil Kaden ’76, principal at circleNK, and chairman of the MIT Enterprise Forum of Dallas-Forth Worth, said, “Since Texas has grown to be number two, nationally, in venture capital investments, and since Dallas has the highest concentration of those investments, the confluence of one of the greatest high-tech entrepreneurs, and the ‘father’ of a new technology made a great MIT Forum program.” He cited the extraordinary efforts of Elizabeth Frank, vice-chair of programs, and her team of volunteers for their yearlong quest to arrange this highly lauded program.

Franklyn G. Jenifer, Ph.D., president of U.T. Dallas, said, “This program helped me better understand the great value of the relationship between the MIT Enterprise Forum and U.T. Dallas. The turnout was great and people of all age groups were stimulated, exhilarated and inspired. The reputation of Dr. MacDiarmid and the business success of Mr. Chen contributed to the turnout and fantastic response we have had to this program.”

Dr. MacDiarmid, the Blanchard Professor of Chemistry at the University of Pennsylvania, is now Resident Scholar at U.T. Dallas at the university’s new Nanotechnology Institute. His objective is to combine the fields of electronic organic polymers (plastics) and electronic nanofibers to develop the new field of “nanoelectronics.” Dr. MacDiarmid’s recent research has resulted in the creation of electronic organic fibers with a diameter of less than 100 nanometers, which is 500 times smaller than the diameter of a human hair.

Mr. Chen, whose legendary success comes from the creation of 14 newsworthy businesses, and investment in 25 additional ventures, has created an incubator, Genesis Campus, in Dallas. The purpose is to continue his focus on telecommunications technology deployment, which he had been doing previously from his base in California. Among the businesses he has founded and/or has played a board/advisory or senior management role are: Navini Networks, Santera Systems, Axon Photonics, ZettaCom, and Cascade Communications.

Da Hsuan Feng, Ph.D., vice president for research and graduate education, and professor of physics at U.T. Dallas, said, “It is appropriate that the MIT Enterprise Forum, an arm of the most entrepreneurial university in the world, and a leader in technology transfer before there was such a thing, should put Dr. MacDiarmid and Mr. Chen together to foster this ‘explosion’.” Dr. Feng added that he wanted U.T. Dallas to emulate MIT’s success.

Dr. Feng also noted that the paths of the two men varied remarkably but the results of their endeavors are similar; both have blazed trails with their entrepreneurial attitudes and practices, and both are playing a role to support the future of technology entrepreneurship.

Wu-Fu Chen

“It’s never too early to get involved in the convergence of science and the marketplace.”

(Photos courtesy of U.T. Dallas)
A central question in the aftermath of the Enron debacle: What role did the board of directors play? More important, is what happened in the Enron board likely to be repeated by the boards of other large American corporations, and if so, what changes in board practices should be implemented?

I don’t anticipate a rash of similar failures. Since I believe most boards will prevent such problems by improving themselves, I see no need for new laws or regulations. My optimism flows from understanding three factors: directors’ responsibilities, the current state of boards across America, and the egregious errors made at Enron.

According to the statutes in Delaware, where most public US companies are incorporated, “the business and affairs of every corporation shall be managed by or under the direction of a board of directors.” The operative phrase is “under the direction of.” The board delegates the job of running the company to management, while the board’s role is to oversee the performance of management and the company. Most boards accomplish this in six daylong meetings each year. (Enron had five.)

Typically, a board has a dozen directors, most of whom are “independent,” meaning they are not managers or connected to the company in any other material way. (Enron had 17.) The board fulfills its responsibilities by monitoring company performance, approving significant decisions such as major capital expenditures, and selecting, reviewing, and rewarding the chief executive. Boards have at least two committees - the audit committee, required by the stock exchanges, and the compensation committee, mandated by the Securities and Exchange Commission.

My 1989 study of the role of American boards concluded that too many acted more like pawns of their CEO rather than the potentates the law intended them to be. Fortunately, much has changed in the past decade. Under pressure from shareholder groups, stock exchanges, and the Delaware courts, most boards have undergone a significant change in attitude. Where once directors could be called mere ornaments, today most take their responsibility very seriously and carry out their duties as best they can, given the limits of time and knowledge.

Several factors have contributed to this shift for the better. Directors are no longer handpicked by the CEO. And while in most companies the chairman and CEO are still the same person, many boards have chosen another leader who convenes the outside directors, an arrangement that makes for a much freer flow of ideas.

Besides reviewing and approving strategic direction, assuring orderly CEO succession, and evaluating the performance of the CEO, boards are now showing plenty of muscle. More than ever, they are removing CEOs who don’t measure up to the job.

Sadly, while many boards improved dramatically over the past decade, Enron’s did not. The first signs of problems predated the company’s collapse by four months, when Jeffrey Skilling “resigned” after only half a year as CEO. The board found itself with no alternative but to bring back founder and former CEO Ken Lay, a clear indication it had failed to perform its critical job of assuring a smooth transition of leadership.

Further, the board’s own Special Investigative Committee admits “the board failed in its oversight duties.” Among other errors in judgment, it authorized CFO Andrew Fastow to serve as a general partner in off-balance sheet partnerships.

In short, the winds of reform did not reach Enron’s mahogany row. Many of the outside directors were not independent. One had been a well-paid consultant to Enron since 1996. At least half seem to have been “friends of Ken,” technically independent but with close ties to the founder.

The directors were also lulled to sleep by the company’s aura of success and Lay’s reputation. Being on the board of such an enterprise, headed by an executive whose pursuit of financial innovation had made him a national icon, can be narcotic. As a result, the directors lost their critical edge and failed in their duties.

Boards should learn from Enron’s mistakes. Rather than rely on new laws and regulations, they need to accelerate the self-imposed changes underway. Directors must stay independent and remain focused on improving practices and processes so they use their limited time together effectively and have relevant information from a variety of sources, not just the CEO. The alternative, we now know all too well, is not a pretty picture.
Business Development. From 1977 to 1985, Mr. Lazaris served in a variety of positions for the State of West Virginia, including four years as Chief of Staff for Governor John D. Rockefeller IV. Prior to 1977, he worked as an accountant and consultant for Ernst & Young.

Lazaris received his BS from MIT in 1972 and his MBA from Harvard Business School in 1975. He became a CPA in 1976.

George Mueller is Co-founder, Chairman and CEO of Color Kinetics Incorporated, a pioneering company with an award-winning line of products currently used in professional lighting, pool and spa, and consumer applications. Recognized by designers and industry experts alike as a revolutionary invention, Color Kinetics has been featured in leading print, online and broadcast media, and is also part of the permanent collection of the Smithsonian Institution.

Prior to founding Color Kinetics in 1997, Mueller was Co-founder, COO, and Director of Internet Securities Incorporated, a provider of emerging market financial and business information which currently employs 240 people in 19 countries. Prior to that, he worked as a research engineer at the Field Robotics Center, Department of Computer Science at Carnegie Mellon University, where he received dual undergraduate degrees in Electrical and Computer Engineering and a minor in fine art.

A seasoned inventor and entrepreneur, Mueller has successfully created and grown several new companies through a variety of economic climates. To date, he has raised nine rounds of Angel Investment, Venture Capital and Private Equity financing totaling more than $50M. Both Color Kinetics and Internet Securities have been the subject of Harvard Business School Case studies, and a case study on Internet Securities has been part of the Kaufman Fellows business curriculum at Babson. In addition, Mueller and his brother, Internet Securities Co-founder and CEO Gary Mueller, have been the subject of a Babson business school case study on their entrepreneurial methods.

Mueller currently holds five U.S. Patents and numerous patent filings relating to Color Kinetics Chromacore technology. He serves on the Carnegie Mellon University Dean’s Leadership Council, and has lectured at CMU, MIT, Harvard, Babson and other top academic institutions. In his spare time he enjoys playing soccer and hockey.

So your office space isn’t that impressive. That’s okay, we’re more interested in your intellectual property.

At Silicon Valley Bank, we see things differently. Because we focus on targeted niches such as technology and life sciences, we’re better able to understand the needs of emerging growth and middle market companies. But we don’t limit our thinking to just technology. You’ll find us applying this approach in any industry where financial needs are underserved. It’s an approach our clients have appreciated for over 18 years. After all, helping young companies succeed is something everyone can understand.
January 24, 2002 Satellite Broadcast
“New Ventures and Venture Capital:
Dealing with the Current Environment”

Over 1500 attendees at 20 sites worldwide listened to a panel of experts, moderated by Ken Morse of the MIT Entrepreneurship Center, discuss today’s environment for start-up ventures. Said Techlinks, the technology press of Atlanta, Georgia, of the event, “If the community gave awards to schools who do the most to share knowledge and to inform practicing entrepreneurs then MIT Enterprise Forum would need a large trophy case.”

Satellite Broadcast Panel: MIT Sloan School Professor Antoinette Schoar, Spotfire President & COO Rock Gnatovich, Polaris Ventures Managing Partner Alan Spoon and moderator Ken Morse.

HALE AND DORR, COUNSEL TO

EMERGING stars

At the Center of the Action

Moving forward in today’s demanding tech environment requires swift, informed, decisive action. That’s why we’ve opened the Hale and Dorr Venture Group Waltham office in the heart of Boston’s technology corridor—to provide immediate response to the needs of growing companies.

See you in Waltham.
Success in today’s economy demands several strategies. Our Technology Industry Group can give you the broad range of solutions and insights your business needs to get ahead of the curve and stay there. For more information, contact our Entrepreneurial Services Center at 617 428-8346.

Your Business Has a Brilliant Strategy for Success. What If It Takes More Than One?

Rock Gnatovich, President & COO of Spotfire, delivers his presentation.
April 16, 2002 Satellite Broadcast
“Cashing Out Successfully: Exit Strategies to Capture Value”

The rescheduled topic of our September 11th broadcast found 17 sites down-linking to hear the Forum’s panel of experts discussing “Exit Strategies.” The 600 attendees received a wide scope of knowledge from the entrepreneurial, legal, venture capital, and investment point of view. The event was sponsored in part by Nixon Peabody LLP.

Before the Broadcast: Moderator Mark Borden of Hale and Dorr (left) and Paul Maeder of Highland Capital Partners (center) talk with MIT Chairman of the Corporation Alex D’Arbeloff.

Young Entrepreneurs: The Success Stories of Business Today and the Leaders of Business Tomorrow!

YE0 is the premier, peer-to-peer, global network, community and resource for entrepreneurs. Founded in 1987, YEO has 4,200 members in 120 cities and 34 countries around the world. A typical YEO member is 34 years old with a $9 million company. Collectively, members employ more than 450,000 workers and have revenues of more than $55 billion. YEO’s strength derives from the collective energy, brainpower and creativity of its members. More than just an entrepreneurial educational organization, YEO stresses the importance of both personal and professional development, and is dedicated to fostering the growth of today’s young entrepreneurs.

Come join us if you meet the following criteria:

- Have yet to celebrate your 40th birthday;
- Are the founder, co-founder, owner, or controlling shareholder of a company;
- Have gross annual sales of at least (US) $1 million

Come visit us at www.yeo.org
Mark Borden, Hale and Dorr; Jim Nicholson, Cortek; Paul Maeder, Highland Capital; Jeff McCormick, Saturn Management; Chip Linnemann, Goldman Sachs.

AUDIENCE PROFILE

<table>
<thead>
<tr>
<th>JOB CLASSIFICATION</th>
<th>ORGANIZATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sr. Management 48%</td>
<td>Industry 45%</td>
</tr>
<tr>
<td>Engineer/Mngmnt. 34%</td>
<td>Service Provider 32%</td>
</tr>
<tr>
<td>Academic 17%</td>
<td>Academic 13%</td>
</tr>
<tr>
<td></td>
<td>Investor 10%</td>
</tr>
</tbody>
</table>

VIEWING LOCATIONS
Pasadena, CA
San Diego, CA
Denver, CO
Miami, FL
Chicago, IL
Hammond, IN
Fort Kent, ME
Portland, ME
Detroit, MI
Minneapolis, MN
Austin, TX
Seattle, WA
Spokane, WA
Wheeling, WV
Singapore (2 sites)
CREATE YOUR OWN
ENTERPRISE FORUM®
SATELLITE BROADCAST SERIES

VIDEO LIBRARY

ORDER THE CURRENT SATELLITE BROADCAST:
Winning in the Marketplace:
Successful Entrepreneurs Tell How They Did It
Expert Panel with Professor Glen Urban

ORDER PREVIOUS SATELLITE BROADCASTS:
Virtually Live featuring Tim Berners-Lee with John Landry
Internet Futures featuring Bob Metcalfe with Michael Dertouzos
High-Tech Enterprises featuring Ed Roberts with Dennis Costello
Breakthrough Technology featuring Bob Langer with Lita Nelsen
Entrepreneurship featuring Alex d'Arbeloff with Ed Roberts
What To Do* featuring Michael Dertouzos with Bob Metcalfe
The Soft Side of New Enterprise featuring Ray Stata with Paul Brrountas
What Private Equity Investors Are Looking For Expert Panel with John Dean
Structuring Venture Capital Deals Expert Panel with Joe Hadzima
Building Value Through Entrepreneurship Expert Panel with Howard Anderson
Kenan Systems: Becoming a $Billion Software Company and Managing Its Future featuring Kenan Sahin With Moderator Howard Johnson
Managing A Startup In Turbulent Times Expert Panel with Ken Morse
New Ventures and Venture Capital Expert Panel with Ken Morse
Cashing Out Successfully Expert Panel with Mark Borden

Go to our secure ordering site at https://alumweb.mit.edu/mitef/order

Or you can click on the “order video” button from any Satellite Broadcast home page http://web.mit.edu/entforum/www/SBS

All videos are $34.95. *Includes both tape What To Do & book What Will Be at $44.95 total.