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Fall 2011 newsletter

Northeastern University - IDEA, Northeastern's Venture Accelerator

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The IDEA Alumni Newsletter is a quarterly snapshot of what we're up to at the IDEA headquarters, the progress our ventures are making and more!



Fall 2011 Newsletter

Raising Capital for your Business - Where to Start?

By: Jeff Potter, General Partner at Esker Capital

Raising capital for a new venture, whether from venture capitalists, angel funds or friends and family, can be daunting. You have a plan...if only someone would fund it! Often, raising capital is a necessity. Sometimes it is not. To get by without outside capital is called "bootstrapping". Some business models can be bootstrapped, i.e. self-funded, and some cannot. However, focusing on raising capital too early in your new venture can be wasted time and effort. Therefore, I would like to offer a better place to start---trying to understand what it means to be an entrepreneur and to innovate.

Innovation and entrepreneurship are over-used terms in today's economy. While start-up companies are clearly in the known universe of entrepreneurship, a more expansive interpretation includes Fortune 500 companies (witness GE's \$100 million battery plant in Schenectady, New York), non-profit organizations (think City Year) and government (I don't know what I would do without Fast Lane). In short, entrepreneurship and innovation are not constrained to serial entrepreneurs who have been successful three times in row, even though they may get funding more rapidly than someone else. No, I would offer that entrepreneurship is a state of mind, a way of living, a desire to constructively find the new and better.



It is often discussed in venture circles that Boston and Palo Alto (often in reverse order) are persistent centers for venture ideas. Let me assure you that this is not because Boston is geographically blessed from a weather perspective. Our winter is not a competitive advantage. If anything, lack of indigenous fossil fuels, correspondingly high utility costs and high labor costs put us at a disadvantage as a production economy. The Boston competitive advantage derives from a culture of idea generation and execution (aka entrepreneurship). Yes, we have a wonderful higher education funnel which is necessary, an enviable labor pool and a good quality of life. However, it is really the community's cultural willingness to embrace risky new ideas that reinforces innovative behavior. If you were the sole entrepreneur in a population of 3 million, it would feel pretty lonely.

Why does community matter? Well, as a budding entrepreneur in IDEA, you need to tap into this supportive community early and often. To be successful, you need to build the relationships that will help you be successful. It is true that no one resource can make your venture successful. Inevitably, it is your drive and ambition that will launch your idea. However, without the community of innovation supporting you, probability of success declines markedly. As a result, entrepreneurs and innovators in any pursuit must learn how to access and cultivate relationships in order to flesh out and iterate a business proposition. Only when the entrepreneur has learned how to do this will raising capital be a good idea.

There is no one way to cultivate the community you need. However, there are some key tenets. Don't perceive rejection or indifference as a death knell for your idea. Cultivate

resources from different functional areas who can vet your idea. Learn to separate positive, constructive feedback from feedback which is reflexively risk averse.

Ultimately, your most important acquired skill set in an entrepreneurial endeavor will be identifying, harnessing and maximizing the efficiency of people in your community. So, go build this skill set. One final word of wisdom...given the upfront premise that innovation is not constrained to start-ups, make sure that you build your community broadly and from non-traditional places as well.

Business Planning Guide Fosters Growth for New Ventures

This spring IDEA's Management Team and Coaches began to see a need for ventures to have a comprehensive tool to complement the creation of their businesses.

Northeastern Professor Marc Meyer and Michael Hans, IDEA CEO, along with the Management Team worked together to develop the [IDEA Business Planning Guide](#). The Guide breaks down the necessary components of a business plan to assist ventures throughout the development process.

IDEA ventures in all stages of development have found their own unique uses for the Business Planning Guide.

When Lukas Schulte, co-founder and Paul Koetke, founder, began working on starting [PK Protective Wear](#), they only anticipated it being a summer job. PK Protective Wear designs and manufactures protective wear for ski racers. Yet as they realized that it had potential to become a legitimate business, Schulte, an engineering student at Northeastern, began to inquire about business resources on campus. IDEA and the Business Planning Guide kept coming up.

Schulte explained that as engineering students, both him and Koetke viewed all of the business and legal

IDEA Awards Gap Funding to Three Recipients

IDEA is excited to announce our newest [Gap Funding](#) recipients:

Moniker Guitars



[Moniker Guitars LLC](#), founded by Kevin Tully and Dave Barry (NEU '06) in 2011, is a startup seeking to

be a market leader in affordable custom electric guitars. Utilizing the model of mass customization, Moniker will be the first custom guitar maker to provide guitar players with the opportunity to design their dream guitar on online and purchase it direct.

The word "moniker" essentially means "alias" or "nickname." The founders chose this name, as well as their tagline, "Make it Your Own," as a means of conveying that their customers have creative control over their own guitars. With thousands of combinations of shapes, colors, parts, sounds, text and graphic options, no two Moniker guitars will ever look the same. As life-long guitar players, the founders of Moniker believe that a guitar player's instrument should look and feel as unique as the music being made with it.

Jola Venture

[Youth Action Africa](#) (YAA) is a global network of youths joining efforts to promote technological advancement in Africa, aiming to alleviate poverty and improve health conditions through carefully crafted education initiatives that target specific areas of interest, and to create and implement innovative, sustainable and scalable project initiatives.

Jola Venture, founded by Roland Fomundam (NEU '10), is a university-born spin-off with a patented innovation that harnesses



the sun's heat to dehydrate food as a revolutionary food preservation technique. This technology is of great use to farmers in Africa due to the fact that it is affordable, solar-powered and easy to maintain, thus improving several aspects of their agricultural activities. Jola Venture is a for profit company with a social mission to make farmers more productive and profitable by providing them with access to innovation, capacity

components of starting a company as “new territory.”

“It has been helpful to have one resource which could point an engineering oriented person on the correct path with business related material,” said Schulte.

Market and competitive analyses were elements of the business plan process that felt foreign to an engineering student like Schulte. As a new IDEA venture, the PK Protective Wear team has been working with their coach, Patrick Reilly, to set weekly goals as they move through the Business Planning Guide, with hopes of finishing in the coming weeks in time for the next round of Gap Funding.

Greg Rublev, co-founder of [LeanWagon](#) and alumnus of the High Tech MBA program at Northeastern, agreed that the Business Planning Guide helped to propel his venture’s business plan forward.

“It helped us focus on things we hadn’t thought through in enough detail,” explained Rublev.

LeanWagon is a social platform for weight loss and wellness, offering visitors the information, tools and support to ensure lasting success.

After meeting with IDEA Coaches, Evan Stein and Keon Reed, the LeanWagon team was encouraged to better define their answers to questions such as “how are you defining your market and what are your milestones?” All of which were important considerations that the Business Planning Guide clearly laid out for Rublev and his venture team.

Rublev highlighted the setup of the Business Planning Guide describing the manageable sections that

building training, and better markets. Jola Venture seeks to work with an interdisciplinary team of students from NEU as well as students from collaborative Universities in Cameroon to create a model for academic-based poverty alleviation on a global basis.

This Spring, with additional Gap Funding, the team will be returning to Cameroon, West Africa with 3 interdisciplinary students from NEU to continue field testing of their prototypes, study the markets, conduct other feasibility studies and seek to establish a beach head for Jola venture.

SMAK

[SMAK](#) is a Boston-based startup software company in the digital messaging and information management market of email and social media. The company’s founders, Matthew Hooper and Doug Fleming (NEU ’82), sought to solve the problem of managing information overload from email, Twitter, Facebook, LinkedIn, news feeds, blogs, and other information streams for busy professionals who heavily utilize digital information in both their personal and professional lives.



SMAK provides users and companies a central point of configuration for Secure Messaging, Alerting and Knowledge, allowing them to consolidate, filter and intelligently group their email and social media streams into Life Modes™ according to their individual needs. These “life modes” may be grouped according to work-related content, family, specific projects —basically anything the consumer wants or needs to include as a separate grouping. SMAK’s innovative technology provides a simple organizer and filter that works on computers, mobiles, and any other device used to check messages on. By enabling users to view their email and other messages in a way that works best for them, SMAK puts individuals in control of their communication.

SMAK intends to use the Gap Funding to upgrade the user interface to improve ease-of-use and performance, while adding substantial new functionality our alpha clients have requested. Doug Fleming, one of the company’s founders, says, “SMAK is delighted with the gap funding award and the vote of confidence from the IDEA board. We encourage all to sign up for the beta program on our web site.”

Global Entrepreneurship Week

[Global Entrepreneurship Week](#) is a weeklong celebration of innovation and entrepreneurship across the world. GEW is taking place this year from **November 11-18**. Northeastern’s student entrepreneurs will be celebrating at the following events.

made applying the information to his particular venture a concise and simple process. The clearly explained sections helped Rublev easily tailor the guide to his venture.

The Business Planning Guide is available to any venture looking for a guide to developing their business and moving forward with their idea. It can provide a different role to each particular venture and can be used by a team in any stage of their development.

Rublev and the LeanWagon team credit the Business Planning Guide with helping them to "focus on their competitors, milestones and refine their messaging...I haven't seen another tool like it."

Restaurateur Extraordinaire

Hosted by Northeastern's [Entrepreneurs Club](#)

Speaker: Sue Morelli, Chief Executive Officer of Au Bon Pain

Date: Tuesday, November 15

Time: 6:00 – 7:00 PM

Location: 150 Dodge Hall

Investor Insights: Powered by IDEA

(See more information below)

[Register Here](#)

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Investor Insights

Powered by IDEA

Join IDEA as we welcome a panel of Venture Capitalists and Angel Investors for a discussion and inside look at the investing industry. Attendees will be able to learn more about the industry from experienced investors as well as gain valuable feedback on early stage venture funding. Student moderators will lead the discussion, asking the panelists a variety of questions designed to provide the audience with useful and candid information to help them determine steps they need to take to move a venture forward or to get their career started in the investment industry.

Date: Wednesday, November 16

Time: 6:00 - 7:30 PM

Location: 10 Behrakis Hall

[Register Here](#)

Panelists

Lee Hower

Co-Founder of NextView Ventures



Lee began his career as an early employee of PayPal, initially as a product manager and then eventually in a business development role. He remained at PayPal through the company's IPO in 2002 and then subsequent sale to eBay later that year. After PayPal, Lee was part of the founding team of LinkedIn. He served as Director of Corporate Development during the company's early years and remains a shareholder of the company.

After two startups in Silicon Valley, Lee moved back to the east coast and jumped onto the investing side of the startup ecosystem. He joined Point Judith Capital in 2005, an



early-stage VC firm based outside of Boston, and helped build up the Internet investing practice for the firm. During Lee's five years at Point Judith he sourced or led investments in Multiply (acq. by Naspers), FanIQ (acq. by Datran Media), Music Nation, and Sittercity.

Dayna Balcome Grayson

Principal at North Bridge Venture Partners

Dayna Balcome Grayson, Principal at North Bridge Venture Partners, specializes in Digital Media. Her investment career follows operational success in product design and management. She has led investments such as Awareness, Tapjoy, Currensee, Philo. Clothia and Viximo, where she served as the CEO during 2009.



Before joining North Bridge in 2006, Dayna led new product development efforts at Blackbaud, the leading global provider of software to nonprofit organizations. She managed products throughout their life cycle as the company grew to over \$130 million in revenue and completed a successful public offering. Previously, Dayna was a consultant at Cap Gemini Ernst and Young where she led product design on efforts that pioneered the development of large scale applications on web-based platforms.

Paul Ciriello

Founder of TD Capital Ventures

Paul founded TD Capital Ventures in 2000 and Fairhaven Capital Partners in 2007. He has invested in and served on the boards of companies including: Cloakware (acquired by Irdeto/NASPERS), Fortisphere, iPhrase (acquired by IBM), SiGe Semiconductor (acquired by Skyworks Solutions), Softricity (acquired by Microsoft), Spring Partners, Surge Trading and Third Screen Media (acquired by Time Warner/AOL).



Paul spent 14 years at Fidelity Investments in Boston. He was President of Fidelity Interactive, Proxy Edge, Inc (founder), The Water Street Project and Fidelity Capital Technology. Previously, Paul held several policy development positions at the United States Environmental Protection Agency. He earned an MPA from Northeastern University and a liberal arts BA from the State University of New York at Buffalo.

More panelists to be announced in the coming weeks.

Student Entrepreneurs Get Their Start Through the Husky Startup Challenge

The [Husky Startup Challenge](#) (HSC), run by Northeastern's [Entrepreneurs Club](#), is underway for the third year in a row. HSC is an expanded version of the typical business plan competition that offers student teams the opportunity to accelerate their business idea through Bootcamp workshops and networking sessions, culminating in a Demo Day where over \$2,500 in cash prizes are awarded to winning teams.

Cory Bolotsky, Director of the Husky Startup Challenge, explains that the Bootcamp format has undergone some changes since the last competition to improve the experience for all students involved.

"Bootcamps used to have a much more academic feel and focus," Bolostky explains. "Now they are more hands on and execution based."



Teams are encouraged to come away from each Bootcamp with tangible components of their business plan, including websites, market surveys, logos, marketing plans and product prototypes. The Bootcamp topics include: Target Market/Customer

Research and Analysis, Product/Service Design and Marketing and Business Model and Financials.

Before Demo Day on December 1, all teams are also required to attend one entrepreneurial networking event in the Boston area. The requirement encourages teams to network within the community and begin to pitch their ideas. HSC also hosts networking events for competition participants to build their network with fellow Northeastern student entrepreneurs.

The month and a half long competition continually fosters growth for all of the ventures that participate. Bolotsky cites high retention rates from Bootcamp 1 to Bootcamp 2 as a clear indicator that many of the 40 ventures participating will continue on with their businesses and make a successful transition into relationships with IDEA.

Student teams are able to transition from an idea to early venture development through the Husky Startup Challenge. This jump start on the business development process makes for an easy transition for all graduates of HSC to become IDEA ventures where they are given the tools to continue to build their ventures with further workshops, coaching and mentoring.

For more information on the Entrepreneurs Club and to learn more about the HSC Demo Day, visit [their website](#).

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Our Mission

*IDEA is Northeastern's student-run venture accelerator.
Our mission is to support and fund the rapid development of business concepts into viable ventures.*

IDEA Newsletter Content by Sarah Dolan & Brittany Troy

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