

YES

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Innovation Summit 2002

contents

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p3 Venturing globally

YES New York brings together students, businesspeople, and alums to discuss globalization.

p4 New Haven social entrepreneurs

Yale alums Charles Pillsbury and Timothy Bingham discuss starting a non-profit company.

p5 Y2K winners

Community Health Educators and NextStep discuss future plans.

p7 SOM success

Two business plans take national and state honors.

p8 The downturn isn't *that* bad

p9 Enron: crisis or capitalism?

p10 YES Innovation Summit 2002 coverage

p14 Introducing the 'always on' generation

p15 Y50K 2002 winners

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YES New York 'Ventures Globally'

Students, businesspeople venture to Yale Club for all-star panel

By Nathan Littlefield

This year's February 6th YES New York conference drew around 150 participants to the Yale Club New York City's Grand Ballroom. The audience of Yale students, businesspeople, and alumni had an opportunity to network and to listen to a five-person panel, moderated by *New York Times* mergers and acquisitions reporter Andrew



Panelist Jack Ma, Chairman and CEO of Alibaba.com, and eminent Chinese entrepreneur

Ross Sorkin. The night's theme was "Venturing Globally: Doing Business Beyond Borders."

The panelists brought a broad range of perspectives to the discussion. David Rupert, SOM '80, is CEO of HQ Global Workplaces. Rick Bobrow, CEO of Ernst & Young-Americas provided valuable insight into the seeming crisis of confidence in the accounting business. Chinese entrepreneur Jack Ma talked about the difficulties of running a startup in an emerging economy. And Graham Duncan, CEO of Clear Markets Board, prognosticated on the future of the international economy.

The discussion veered from

global HR practices, to the fate of Japan, to potential for an economic rebound in the next 18 months. But as the Enron scandal had just broken, the audience's concerns quickly turned to the state of the accounting industry. Bobrow provided an insider's perspective on the business. To all who were following the revelations about Arthur Anderson's complicity in Enron's collapse, the details seemed clear. Though Bobrow acknowledged the seriousness of the moment—"the only way not to drown in this is to kid about it"—he cautioned against all-out condemnation. He stated that, of over 50,000 public audits every year, all but a few were scrupulously honest. Suggesting that the Enron scandal should catalyze reform, he noted previous Congressional reluctance to pass accounting reforms

recommended by the industry. Rupert voiced that panel's consensus on the matter: "The blame for Enron lies with Enron, not its accountants."

The panelists also addressed the global tightening of venture capital markets in the wake of the Internet bubble. Bobrow worried that small businesses, usually bigger job creators than more established firms, were losing out to risk-averse VCs. However, Ma believed that less capital would not necessarily hurt emerging businesses. Having experienced the vicissitudes of

rapid growth himself, he said, "Many companies die because they get too much money too fast, not because they have insufficient money."

Finally, the discussion turned to the future of the Chinese economy. Rupert cautioned against expecting too much from China during a global slump, highlighting the nation's dependence upon foreign capital and markets. Duncan, however, was optimistic: "We're in the Chinese century." The panelists agreed that China, whatever its short-term prospects, is set to expand rapidly in coming years. But Ma downplayed the popular assumptions that economic growth will bring guaranteed democratization, and that democratization will spur growth: "If you suddenly give us freedom, we won't know what to do with it."

The second-annual YES New York conference was, by all indications, a success. The ballroom was filled nearly to capacity, and participants were excited about the opportunity to hear the opinions of such a prominent panel. As Y50K entrant Derek Lomas '03 put it, "These are people who've succeeded as entrepreneurs, as businesspeople. It's important to get their perspectives on what's happening right now."



Charles Pillsbury discusses social entrepreneurship

‘Doonsbury’ inspiration gives talk on ‘Starting and Growing a Non-profit business’

By Max Pitman

In February, a group of eager students gathered in the YES Center to participate in a workshop titled “Starting and Growing a Non-Profit Business.” The workshop was led by two of New Haven’s leading social entrepreneurs, Charles Pillsbury and Timothy Bingham.

Pillsbury, noted in the event description as Gary Trudeau’s roommate at Yale, is President of Community Mediation, Inc., an organization that promotes peace and justice in the community by providing a means through which groups can resolve their conflicts in nonviolent mediation. Bingham is the cofounder of Downtown Evening Soup Kitchen (DESK), which provides free meals to the homeless in New Haven. Both are Yale alumni and have been leaders of New Haven’s nonprofit community for over ten years.

Pillsbury spoke first at the event, telling the story of how he came to the nonprofit world. After starting out as a lawyer, he suffered what he called a “vocational nervous breakdown,” so he started to do volunteer work. After volunteering for a few years, Pillsbury decided to enroll at the Yale Divinity School.

“I went to learn about justice,” he told the group of about 15 students at the event. “You can’t learn about justice in law school.” Pillsbury began working on the side as an intern for a volunteer organization, and he left the school soon after to do volunteer work full-time.

“Twenty years after college,” he said, “I figured out what I wanted to do. We started out as a neigh-

borhood nonprofit, and now we have a full-time staff of ten and 500,000 dollar budget.”

He then described the nuts and bolts of his business. “The hardest thing about running a nonprofit is raising money,” he said, “I’d rather rob a bank than raise money. But when you believe in what you’re doing raising money becomes a whole lot easier.” Pillsbury then highlighted the advantages of his being his cause’s own salesperson. He commented that individuals do not usually give money because of an idea, but because of the people behind the ideas.

Bingham followed Pillsbury’s speech by pointing out the differences between his work and Pillsbury’s. Bingham, who is a practicing lawyer, began by saying that although he enjoys practicing law, it is his vocation, not his avocation. He credited being a religious man as what drives him toward nonprofit work.

“I’m really a religious guy,” he said. “I am driven to do good deeds, what Jews would call *mitzvahs*. I do it because I feel I have to.” He went on to note that even though he has not always enjoyed the nonprofit business, his sense of duty has propelled him forward.

Speaking of his life, Bingham commented that he went to Yale Law School because his father did and because he wanted to defer the draft. He admitted that his decision was primarily influenced by what he thought he “should” do. He then warned about getting sucked in by the pressures of life to doing what society says you should do. “Law school is like a hydraulic press,” he said. “It takes undergraduates, full of ideas, and molds

them into career machines, people that will fit into the legal mill.”

Bingham went on to say how he fought this pressure in his own way, by choosing to practice law in Connecticut, rather than in a big city, where everyone was telling to go. “I wanted to have enough time to give twenty percent to my avocation,” he said, “so I gave up the bigger bucks and eighty hour work week to practice in Connecticut, which I really enjoy.” He warned that the only way one can become a truly successful entrepreneur is by having a burning passion for nonprofit work. Without this, he claimed that, “You will get crunched by the pressure.”

Bingham noted in his closing remarks that non-profits face many other challenges than simply a lack of money that people seldom notice. “A major problem with nonprofit is that money and competition don’t weed out the ineffectual and inefficient,” he said. “You can’t fire people because they’re volunteers.” He went to note that nonprofits often come with many tough personalities. Since people in the field have a lot of inner motivation, they therefore bring a ton of emotion, which can be difficult to handle. He closed saying, “People can still be nasty to each other in a do-good enterprise. The key is not to be too hard on yourself when that happens. You have to allow for slippage and remember your gut sense. This has to be done, and I’m going to stick with it.”

The event closed with questions and discussion, mostly about specific resources available to students looking to start nonprofits in the New Haven area.

Y2K winners look toward future

Community Health Educators and NextStep discuss plans for growth



Rebecca Rosenthal-Y/k

CHE founders Louise Davis '03, Jessie Rossman '03, and Patrick Casey Pitts '03 after their Y2K victory.

By Kanika Chander

Beating out over 40 competitors, Community Health Educators (CHE) and NextStep emerged victorious at this fall's Y2K competition. Each walked away with a grand prize of \$2000. Despite similar outcomes, the two winning businesses entered the YES business plan competition with distinct goals and expectations.

Although Community Health Educators (CHE), the winner of the Y2K nonprofit division, was a pre-existing organization before it entered Y2K, its members joined the contest not only in search of extra funding but also as an organization on the verge of expansion.

"We were seeking to take advantage of the process of entering Y2K, as well as the information and feedback it provided," said Patrick Casey Pitts '03, one of

CHE's coordinators. Also run by Louise Davis '03 and Jesse Rossman '03, the group aims to provide much-needed health education to the New Haven public school system.

The group was originally founded by Sabrina Baronberg '00 in 1999 when, as a local public school intern, she found that health classes were not instituted at the high school level. Today, CHE has over 50 members and works in both Wilbur Cross High School and High School in the New Haven community, giving the high school students there presentations on seven different topics, namely sex, contraception, STDs, rape and sexual assault, relationship abuse, alcohol and addiction, and drug abuse. Its members spend the entirety of the fall semester learning about these topics and preparing presentations, in order to give

worthwhile presentations to high schools during the spring. CHE is also in the process of integrating its program into the curriculums at both Career High School and Cooperative High School for the Arts and Humanities, and hopes to have established relationships with all four schools by the end of the year.

CHE relies almost entirely on its Dwight Hall membership for funding, so the \$2000 winnings from Y2K were much appreciated. A majority of the prize money has already been spent toward the publication of this year's training manuals, CHE's main expense. In addition to the money won in the competition, the group received "valuable feedback and information" according to Pitts, from the Y2K judges, which will undoubtedly aid the organization in its plans for expansion, and ultimately, in its Y50K endeavors in 2003.

Unlike CHE, NextStep (formerly TestSmarter) entered this fall's Y2K competition as a warm-up for larger events, such as the Y50K and other large-scale business plan contests run by Carrot Capital, CT Venture Group, and MBA Jungle. The combined efforts of SOMers Chad Troutwine, Markus Moberg, Tohru Kanematsu, David R. Silverman, and undergrad Jon Goldberg '03 developed the idea of NextStep, a for-profit test-prep business aimed to improve students' per-

formance on the GMAT and GRE, using TestMasters, which is a similar company geared towards the LSATs, as a model. NextStep will offer its students classes, private tutoring, admissions counseling, and essay writing tips as would any test prep program, but with a higher level of quality.

"We will have the highest minimum instructor percentile, the most hours, the best course materials, and more comfortable learning environments," said Troutwine who, along with Moberg, will see NextStep through to its intended launch in late summer/early fall.

With four of its members being SOM students, the NextStep team has plenty of business experience (Troutwine is already a seasoned entrepreneur, with a number of successful business ventures to his name); therefore, they looked to the YES business

plan competitions more for startup funding than anything else. A major portion of the \$2000 from their Y2K victory was spent on buying a domain name, and although NextStep is optimistic about gaining even more startup money from the Y50K, they are not reliant upon it.

"Unlike some of our competitors, we *are* launching, regardless of where we have to get funding from; if we win any of these competitions, it will be an added bonus," affirmed Troutwine.

In the future, NextStep plans to expand internationally and bring its clientele level to one competitive with Kaplan and the Princeton Review. Although NextStep is starting with programs geared solely toward the GMAT and the GRE, they hope to broaden their scope to nearly all admissions exams, with the ex-

ception of the LSAT. However, these grand visions in an unfriendly business climate could present definite risks. Still, the founders of NextStep remain confident.

"We're taking a big step, but I feel we have a high likelihood of success...our idea is a very viable one, even in this climate," Moberg said. "I've never started a company that hasn't succeeded," added Troutwine. "Potential risks exist, but they are calculated risks, and are far outweighed by our potential rewards."

And perhaps of even greater importance to a successful venture than precise planning and forethought, both stressed devotion to one's project. "We both love what we are doing," Troutwine said, "and after we graduate, NextStep will be our lives."

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needs you for
>writing
>design
>photography
>graphics

interested? contact wesley.mittman@yale.edu

SOM business plans take state and national VC competitions

SlimAudio and NextStep, proud representatives of Yale SOM.

SlimAudio, one of the entrants in the 2002 YES Y50K, has been chosen to be a semifinalist in the MBA Jungle Competition. Written by a team of seven students enrolled in Professor David Cromwell's Entrepreneurial Business Planning course at the Yale School of Management, the business plan was the only entrant selected from Yale's School of Management. The Competition had over 220 entrants and was sponsored by Forbes and Korn Ferry International. Finalists will present a full business plan in person to a panel of judges in late April.

SlimAudio's Business Plan calls for the marketing of a credit card sized media player that was invented recently in Korea. The product won an innovation award at the 2002 Consumer Electronics Show in Las Vegas.

"We are thrilled to be recognized by the MBA Jungle Business Plan for our business plan. It represents a lot of hard work by our team to address the many marketing issues associated in penetrating the burgeoning MP3 Player market," said SOMer Davin

Bernstein, one of the founders of the company. "One of the amazing things about this market is that the traditional leaders of consumer electronics, like Sony and Samsung, do not dominate this marketplace, and in fact Sony has only a 7% market share. This gives us an opportunity to introduce our product to consumers that is far smaller and lighter than comparable products being offered today."

One of the major challenges faced by the team was creating a company in the United States, despite some initial efforts at building the business from South Korea. "The exciting part of this plan was to recapitalize the company as an American startup that could obtain the funding necessary to successfully launch the product in the US," said Yoosuk Kim, another founder.

Dean Jeffrey Garten of the School of Management commented, "We are proud to have SlimAudio representing the school in this demanding competition."

On Thursday in Hartford, CT, a Yale School of Management team

consisting of Chad Troutwine, Markus Moberg, Tohru Kanematsu, Mark Weber, and David Silverman won the fifth annual ACE-Net "You Belong in Connecticut" Business Plan Competition.

The event was sponsored by the Connecticut Venture Group, ACE-Net (a national nonprofit agency serving entrepreneurs and early-stage investors), and the Connecticut Department of Economic and Community Development. The winners took home \$20,000 in cash, as well several other prizes, and captured the attention of several Venture Capital firms.

Troutwine delivered the presentation for NextStep, an educational services company that will initially specialize in preparing students for the GMAT. He and Moberg will launch the New Haven-based company after their graduation in May. Additionally, the group has been named Finalists in the prestigious Carrot Capital Business Plan Challenge which takes place on April 27th in NYC. Carrot is the largest student business plan competition in the world.

Photopoll: What should Yale's role be in the redevelopment of the Chapel Square Mall?



Brooke Heilweil, SM '02

A revitalization of the downtown shopping area will add more money to the district as well as create viable new jobs for New Haven. The mall, in its current state, as well as of much retail property downtown, is in dire need of help and the University should be highly invested in seeing a revitalization of downtown.



Frank Walsh, MC '03

I believe that Yale has the right to a voice in the redevelopment of the area. The school brings in jobs, capital, and tourism to New Haven and is one of the city's major employers. As Yale strives to strengthen its bond with the city it must not only concern itself with volunteer and outreach programs, but must also attempt to foster business and economic growth in the city.

The downturn isn't *that* bad

A free-lance consultant finds opportunities in current slump.

By Russ Korins, BR '94

For all of the anxiety and uncertainty in New York over the last six months, one of the most compelling pieces of news is that entrepreneurial activity did not simply come to a halt. To be sure, in September and October, other concerns greatly overshadowed professional endeavors. But by the new year, it was clear that the entrepreneurial itch to build had endured even extremely taxing times. Just in my circle of friends and contacts from my work in the Internet business over the last few years, I knew several people either starting new companies, planning to start businesses in the near future, or involved in very early stage enterprises. The Big Apple's entrepreneurial vibe may have been handed a reality check, but it had not gone away.

Given the persistence of this activity, the continued slow pace of the economy has been a blessing in disguise. I am a marketing communications consultant (of sorts) who helps small companies articulate positioning statements and value propositions to their stakeholders. Precisely because companies have been careful with cash, I have found a considerable opportunity to develop my own client base. The reasons may indicate similar opportunities not only for other free-lance business writers, but also designers, programmers, and other professionals whose work takes place largely in the form of projects.

To understand why a recession may actually provide free-lancers and consultants with entrepreneurial opportunities, it is helpful to think about a company's perspective in creating and maintaining a full-time position. When a company advertises a full-time position, it

demonstrates not only sufficient work for a full-time employee at that time, but also an expectation of sufficient work for some time to come. Without that expectation, the administrative and overhead costs of maintaining that position—overhead, benefits, and so on—would offset the advantages of having a full-time employee.

In uncertain times the short-term time horizons of both the company and the consultant can provide a mutual advantage: both can hedge. The company can hire a temporary or part-time consultant for the project it needs this month, without worrying about what it may need next quarter. And the consultant can accumulate engagements of various sizes (and gain wide-ranging experience and contacts) without concerns of pre-empting opportunities that may arise in the near future.

So if you have a skill set that might be adaptable to consulting, probe your network for opportunities with confidence. By asking around to see who could use part-time or free-lance assistance, you may be offering just the right solution for early stage or fast-changing companies with uncertain futures and concerns about cash flow. You may be presenting prospective clients with an opportunity they had not envisioned before you suggested it—the very essence of entrepreneurship. Just remember that the flip side of this is true when the economy shrinks. Consultants and free-lancers are the first to go because they're the least painful to lay off. But what appears to be an economy on the upswing may provide a special opportunity.

In building this consulting practice, I have also learned that the importance of securing a first client is more than just economic—it also plays into psychology. Landing a first

client, even at a reduced rate simply for the purpose of picking up a client, provides an excuse to get in touch with all your contacts and share the good news. I have found that entrepreneurial characters are often curious about what others of their own type are doing. You may find, as I did, that the number of lunch and coffee invitations goes up just by telling other founders and builders that you're working with another fast-growing or evolving company.

More importantly, many companies will not hire a consultant unless he or she is already working for someone else in the field. This also plays into simple psychology: almost nobody wants to be the first to take an unknown risk. One way to solve this chicken-and-egg problem is to offer your services free of charge to more flexible companies (such as companies where you have friends or family who can make a case for you). Nobody has to know you're doing work gratis—while your "rate" may be public, specific deals you make with clients are understood to be confidential. And it may help you get the ball rolling.

I am just as eager as the next person to see a full economic recovery (with a little less irrational exuberance than last time). But when that happens, more early stage companies may be more receptive to assuming the risks of hiring full-time employees, reducing the opportunities and benefits of mutual hedging. Until that happens, however, the uncertain economic climate provides a special opportunity to work part-time with multiple companies, accumulate diverse experience, and be especially well-positioned for the next phase of economic growth.

Russ Korins can be contacted at korins@soundbreeze.com

Enron: crisis or capitalism?

By Justin Zaremby

The fall of Enron came as a shock to the nation. Who could have imagined that such a powerful trading company had such an illegal and perverse structure. Of course, the crisis over people's pension plans and unemployment have led Americans to ask one question.

What should be done?

Our reaction is to assume that the governmental controls and structure is insufficient. More law and a harsher hand are necessary to avoid this problem in the future. Such a view is reactionary, though, and cannot be accepted. Indeed, our concern cannot be some sort of new economic policy, for the fault lies not in the current system.

The fault is ours.

Enron was not a surprise because suddenly we learned that businesses are not always ethical. In the generation whose first introduction to business was Oliver Stone's *Wall Street*, we are aware of corruption. Gordon Gecko taught us that "Greed is Good," and the folks at Enron are repeating that mantra.

The surprise comes because we did not figure this out sooner. Only after CNN and every other cable news network reported that Enron was filing for bankruptcy, did the truth hit us. Years of cor-

Enron was not a surprise because suddenly we learned that businesses are not always ethical. The surprise comes because we did not figure this out sooner.

ruption and unethical practices bombarded us at the nightly news. In an era where we can change the channel and see live shots of Afghanistan, followed by

parades in the Balkans, the fact that the media missed the obvious is the most shocking item of note.

Betrayal did not come from the government for not seeing the truth, nor even from the accountants at Arthur Anderson. We are stunned that the media, with its omniscience could not figure out that a major corporate structure was merely a hollow shell. The surprise resonates as we examine other companies, and wonder if



Courtesy The Houston Chronicle

End Run? And Ran? Once a beacon for the new economy, now a symbol of corruption.

the same is true.

Now the reactionaries among the American populace are calling for tighter controls on companies. The government is ordered to step in and radically change our economic system because of an unethical move.

It does little good to argue from the classical liberal perspective that no government controls are good. The U.S. has an elaborate

system of checks on financial and commercial transactions that are not going to go away any time soon; indeed, such controls can be useful. But to think that we should further strengthen controls because of an abuse even as large as Enron is preposterous.

Money and greed are united. The founding fathers, fearing the rise of corruption, excoriated Alexander Hamilton for choosing to create a national debt. He ignored the complaints and realized that financial solvency required a credit line. And so, the US started a growing debt-one which we still face and yet still allows us to prosper. We realized that corruption might occur and agreed to face it as it arose.

Corruption will occur and in an era of media surveillance, it will often be faced quite speedily. But just because CNN did not catch a problem is time, is no reason to radically change our system.

Opinion

**Sound off on
business,
entrepreneurship,
the economy,
New Haven
redevelopment,
biotech, the
stock market,
Global
Crossing...**

**(You get the picture)
Write YES/know opinion**

The future of innovation

MIT Technology Review editor opens the YES Innovation Summit 2002.

By Marc Perry

To commence the YES Innovation Summit 2002 on April 19th, Bob Buderer, editor at large for *MIT Technology Review*, gave a keynote address entitled, "The Future of Innovation—1870-2020."



Mr. Buderer's address focused on the impact of emerging technologies in the past, present, and future. Buderer explained that in the past, technological innovation was marked by a shift from independent inventors, to inventions conducted by institutions. He described the story of William Perkin, who as an 18 year old in Britain in 1856, persuaded his parents to sell their home after he invented natural dye. As an independent inventor, Perkins witnessed his invention launch a massive industry only two years later.

In the first half of the 20th century, large institutions such as universities and businesses, according to Buderer, increased the pace of technological advancement, with the lone inventors lagging far behind. In 1900, Charles Steinetz, consulting engineer of GE, envisioned a research lab that would foster innovation. The "House of Magic" research lab, built by GE, pioneered the practical uses of electricity and was instrumental in the expansion of the electric power industry in the U.S.

Mr. Buderer next introduced many of the current technological trends and their possible im-

act on the future. He noted with admiration that we live in an extraordinary technological era that is both exciting and revolutionary, exemplified through recent research. Hewlett Packard is engineering wires that are 2 nm wide, which is equivalent to the width of about 6 atoms, for various switches and circuits that can be used in computers. If HP is successful, the power and efficiency of computers will vastly increase, similar to the change from vacuum tubes to transistors.

Mr. Buderer also mentioned the possibility of a programmable pill, or a chip-like sensor that could be placed under the skin, monitoring the chemicals in one's body. For diabetes patients, when there is a deficiency of insulin in the body, the pill will automatically release the proper amount of insulin needed for treatment. Furthermore, this pill might also have the ability to treat certain diseases such as colon cancer directly at the colon so that medicine is not wasted



Rebecca Rosenthal-Y/k

Bob Buderer, editor at large of the 'MIT Technology Review' delivered the first keynote address at the YES Innovation Summit 2002.

throughout the body.

In closing, Mr. Buderer characterized the new era of innovative technologies as rapidly changing. This dynamic characteristic poses great challenges to the entrepreneur. In a market where novel ideas are antiquated in the blink of an eye, the entrepreneur must constantly generate innovative ideas that can evolve with the vicissitudes of the market.

Innovations in education

What can be done to prepare today's children for tomorrow's challenges?

By Rachel Luberda

While the panel at the Yale Entrepreneurial Society's session on "Innovations in Education" on Friday, April 19, represented diverse backgrounds, a common message prevailed from the discussion: much of today's success in bettering children's education has stemmed from the dedication and initiative of a few entrepreneurs. And more importantly, additional success in the educational field relies upon the contributions of future entrepreneurs.

The talk, moderated by Public School Partnership Coordinator for the Office of New Haven and State affairs Claudia Merson, took place at the Broadway student theater, where four guest speakers discussed their backgrounds, explained their innovations in education, and offered suggestions for continued improvement in schools. Eugene Wader, Jr., the executive vice president of development for Edison Schools in Philadelphia, addressed the crowd first. Wade, who spent much of his youth in housing projects, admitted to not being one of the greatest students in school as he grew up. However, when Wade ultimately focused on his studies and improved significantly, he realized that "smart is something you could become." This is precisely the message that he hoped to instill within education systems to motivate students when he tried to build a non-profit organization back in 1994. With limited success, due primarily to lack of funding, Wade and his colleagues found it necessary to turn

to profit organizations to continue their work. In the end, Wade admitted, entrepreneurs are responsible for "building institutions" that can help brighten the lives of today's youth.

President and cofounder of Family Academy Christina Giammalva sought improvement in children's education as both a teacher and an entrepreneur. As a teacher in East Harlem in the 1980s, Giammalva said that she discovered that problems in education derive not from the students themselves but from the students' lack of opportunities to succeed in the classroom. Thus, she took this knowledge and created "a national model of what education should look like," deemed Family Academy in 1991. Later, after designing a more comprehensive reading program, the school experienced a 400% increase in testing scores within one school year. Expansion schools that model themselves after the Family Academy have sprung up across the country; one will even open in Bridgeport, Conn. within the next year. One of the greatest difficulties Giammalva has faced as an entrepreneur in education has been the pressure to conform to the norm. She pointed out that "bureaucracy cannot accept exception" and emphasized that schools must rely upon management, structure, and content to provide children with equal opportunities, regardless of their location on the socioeconomic spectrum.

Echoing the sentiments of Giammalva, Aaron Lieberman '03, founder of Jump Start, also stressed the importance of equal opportunity education. His program in particular focuses on pre-

paring pre-school children in low-income areas for entrance into the educational system. Much of Jump Start's success has come from its ability to mobilize college students to become involved, Lieberman noted. Further, he lauded the "power of partnerships," particularly those between children, families, and teachers, in improving educational development.

Finally, President of Netaid David Morrison, whose background includes time spent as a journalist, diplomat to Canada, and member of the World Economic Forum, discussed his experiences in innovating education. He explained that the world's problems with education are a battle over opportunities rather than abilities. As President of Netaid, Morrison as dedicated his time to improving education in developing countries; he views the improvement of education as "the best poverty eradication strategy." He also drew attention to the fact that the average United States citizen knows little beyond the country—a considerable stumbling block in providing children across the world with greater opportunities for education. Yet, the establishment of schools in many developing countries under the Netaid World School House Program has been a great step forward.

As evident from YES' session on education, much of today's innovations target the inequalities and lack of opportunities children growing up in lower income areas experience. Wade noted that "poor kids don't have advocates," which is precisely what entrepreneurs will hopefully find solutions for in the near future.



The nanotechnology revolution

Panel discusses the future of tiny technology.

By **Nicholas Reish**

The large, ornate lecture hall known as SSS 114 hosted one of the first events of YES's Innovation Summit, a panel discussion on nanotechnology entitled "The Nanotechnology Revolution." Both researchers and investors specializing in nanotechnology were represented. The panel consisted of Dr. James Murday, Superintendent of the Chemical division of the Naval Research Laboratory, Dr. James Klemic, a Yale post-doctoral associate, Josh Wolfe, co-founder of Lux Capital, and Kent Summers, a general partner at Garofalo & Associates, LLC. Glenn Fishbine, author of "The Investor's Guide to Nanotechnology and Micromachines," moderated the panel.

More than once in the panel discussion, the coming revolution in nanotechnology was likened to the internet revolution of the late 1990s. Dr. Murday noted during his presentation that the number of media articles concerning nanotechnology had begun to increase around 1990, and that this number had been growing at a faster rate since then. Mr. Wolfe concurred, noting that "nano-technology is getting a lot of buzz and hype in the media." He then went further to explain that the nanotechnology revolution differs from its internet counterpart, due to the vastly higher startup costs and knowledge requirements. Whereas a computer now costs less than \$1000, the price tags for some of the tools of nano-

technology run into the hundreds of thousands of dollars. Mr. Wolfe's presentation continued by saying that these very tools, such as the scanning tunneling microscope, would be the most profitable areas in nanotechnology, at least in the short term. Another profitable area is modeling software, which, while not nanotechnology itself, could be used extensively in designing nanotechnology.

The issue of how to bring the capital-intensive, more complicated (and ultimately more useful) products to market dominated the later half of the discussion. Mr. Summers contended that, despite the hype and exciting prospects, it would be a decade before the first viable commercial nanotech product reached the market. One large hurdle is finding customers and building sales. "You get to break-even by gradually getting better at selling than you do at spending," he said in his presentation. Mr. Fishbine agreed, saying that the most important document for a new business was "your customer's purchase order." He explained the difficulties in getting investment with an example comparing selling hamburgers to selling buckytubes – everyone knows what the first is for, few people understand the second. Mr. Fishbine also added

the statistic that 65 to 70% of new businesses fail within 8 years, and the failure rate for high-tech companies is three times higher than an analogous business.

Even while discussing the difficulties of bringing new products to market, there was a general air of enthusiasm from both the scientific and the investing sides of the panel. Dr. Klemic was especially optimistic, making



Rebecca Rosenthal-Y/k

John Wolfe, Co-Founder and Managing Partner of Lux Capital and nanotech expert.

predictions that new techniques such as self-assembly would one day make electronic components as cheap as water. Mr. Wolfe added that due to such a high level of enthusiasm, a number of venture capitalists have recently become willing to accept the "science risk" of new research and technologies. "Despite the climate, it's an excellent time to form a new business," said Mr. Summers.

Innovation and environmental regulation

Conflict and compromise between the demands of government and business.

By Della Deme

Compromised of three strong panelists and an engaging, knowledgeable moderator, the Innovation Summit's Environmental Panel, informed the audience of projected business trends while provoking contro-



versy and debate among the panelists. The focus of this panel was not on where environmental technology and business are in today's world, but on which sectors will have the most room for growth in the next 5 to 10 years. According to the panelists, currently the environmental industry is at a crossroads. Because most businesses have figured out how to comply to governmental regulations, the next step is in mass production of environmentally friendly technologies and means at a comparable price to the current systems.

Panelist Dr. Marian Chertow, the Director of the Program on Solid Waste Policy, the Director of the Industrial Environmental Management Program, and a professor at Yale, claimed that creating and using new environmental technology is extremely

difficult, since the risk is so high for small environmental companies to research, develop, and try to market a technique or product with such a great chance of failure. She professed that the government must aid entrepreneurs in their quest; only by doing this will innovation occur desirable levels.

Dr. Chertow went on to describe that environmental technology is critical for the future since it reduces risk, enhances cost effectiveness, improves process efficiency, and creates products that are mostly benign. She said that sees environmental energy as having a substantial market in the next 5 to 10 years, as well as process and prevention technology.

On the other hand, panelist Lynn Scarlett, the Assistant Secretary of the Interior (Policy, Management, and Budget), said that she disagreed. Though she said that she admitted that the highest area of innovation will most likely be in the sector of environmental energy, adding the other areas of reducing erosion, institutional innovation of performance contracts, and natural engineering, she took a different take on the government's role. Ms. Scarlett said that sees environmental innovation as "the search for new ways to add value," and

states that the government cannot help entrepreneurs until they have submitted complete plans that show that their innovations work and have potential in the marketplace.

The third panelist, Bryan Garcia, an investment associate at the CT Clean Energy Fund, agreed with Dr. Chertow on the role of the government in environmental innovation and with both panelists as to the significant appeal for greener energy in the near future.

He stated that he believes that "whenever there's a risk, there's room for innovation," and he sees the critical need for government to aid in the production of innovation, especially in the area of fuel cells- a green form of energy which currently is extremely expensive to produce, but has extensive potential to revitalize the fuel market.

Overall, the main conflict among panelists regarded the role of the government. Though the government does have a competitive grant system for environmental entrepreneurs, many feel that this is simply not enough. The high risks involved in creating environmental innovation need further subsidies, and our earth needs environmental innovation.



Rebecca Rosenthal-Y/k

Audience members fill the Law School Auditorium during one of the panels at the YES Innovation Summit on April 19-20, 2002.

Editor of 'Red Herring' describes 'always on' generation

Anthony Perkins delivers Y50K awards keynote address.

By Samuel Levy

When Anthony Perkins told the audience at the third annual Y50K Awards Gala to think of him as “a better looking Phil Donahue,” even an auditorium full of nervous, VC-hungry, young entrepreneurs could not help but laugh.

Mr. Perkins' resume speaks for itself. He is the chairman and founder of Red Herring Communications, Inc., the world's leading integrated media company focusing on technology business, finance and investment.

As an innovative and forward looking entrepreneur who published a book in 1999 about the impending burst of the internet bubble, the topic of Perkins' keynote address surprised many members of his audience. During his speech, he built an argument supporting his prediction of a looming internet boom both in new entrepreneurship and overall internet-based revenue. Perkins tried his best to assure the roomful of future entrepreneurs and venture capitalists that “more than any other time in history, by orders of magnitude, this is the greatest time to be an entrepreneur.”

Perkins first laid out the lessons he thinks entrepreneurs have learned since the internet burst. First, Perkins pointed out that “success at raising venture capital does not mean that you have been successful.” As a journalist in a period of unbridled venture and unbridled failure, Perkins said

that over the course of his early career, he met “lots of cocky entrepreneurs” who forgot this.

Secondly, Perkins pointed out that until an entrepreneur sells his or her product, he or she has not been successful. According to him, before the market for internet stocks tumbled, “investors were paying for everything and customers were

ers... If you can't win over your customer, you won't be successful.”

Perkins next told the audience that the internet boom will be like all other technological entrepreneurial booms that have occurred in history. He said that it will be a boom in two parts and that we have only felt the first boom. Perkins compared the internet to the radio and the train and other industries that required large investments in infrastructure before peaking in popularity and utility. He said, “history shows that every great industry was built through a process of financial mania. ... The average dollar in the first frenzy comes out underwater, but...as a result, the first boom creates a foundation of customers that are conditioned to use that product. ... Smart entrepreneurs then come in and can be very successful.”

Perkins finally used his daughters as representatives of what he sees as a new “always-on generation.” He cited the prevalence of Instant Messenger, networked palm PCs and new fully integrated appliances and internet televisions as evidence of the increasing centrality the internet is playing in our lives. Perkins predicted that all companies will be forced to modernize and streamline themselves using these new internet technologies to remain viable and profitable.



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Rebecca Rosenthal-Y/K

Anthony Perkins, founder, Chairman, and Editor in Chief of Red Herring Communications at the Y50K 2002 competition

‘More than any other time in history, by orders of magnitude, this is the greatest time to be an entrepreneur.’

preneurs who forgot the necessity and centrality of actual profits to actual success. Perkins attests that being different and being innovative are not enough anymore. Entrepreneurs “must be obsessed with their custom-

Y50K 2002 winners announced

Sensory Media and Juvenile Rights Advocacy Project take top honors.

FOR-PROFIT

Runner up: **SlimAudio** produces and sells digital audio players. The SlimAudio player is small, ultra-light and easy to use. It provides superior sound quality and high capacity at a reasonable price. SlimAudio is based in New Haven, CT and will market and distribute SlimAudio players nationally.

Runner up: **Amulert** is a technology-based company specializing in medical alert devices for the prevention of heat stroke and heat-related injuries. The Amulert products are unique, wearable thermal sensors with the intelligence necessary to alert the user of danger due to heat-related illness. There are no similar products currently on the market.

Winner: **Sensory Media** is an emerging software company introducing V-Fit, a highly scalable software package for optical retailers to increase traditional

and online sales of eyewear. V-Fit leverages proprietary rendering technology and automatic image-based techniques to allow customers to virtually try-on eyewear using a regular computer and a digital image.



SOCIAL ENTREPRENEURSHIP

Runner Up: **Sidra Bell Dance New York (SBDNY)** was founded in 2001 and is an outgrowth of 4 years of extensive collegiate and community work at Yale University to promote the arts on campus and in the city of New Haven. SBDNY aims to create community-based arts projects for inner city youth and to also create a



Rebecca Rosenthal-Y/k
YES President Julian Revie announces Y50K winners.

resident company that would provide arts and cultural programs in Harlem.

Runner up: **Student Health OUTreach (SHOUT)**, founded in October 2000 and incorporated by the Secretary of State in Connecticut in May 2001, works with local, state, and federal government agencies, legislators, and community organizations to develop innovative strategies to improve access to healthcare resources in the New Haven area. Employing students through the Federal Work-Study Program to conduct research, direct outreach, and grassroots coalition-building, SHOUT provides low-cost solutions that improve access to medical and dental resources for New Haven's children.

Winner: **The Juvenile Rights Advocacy Project (JRAP)** seeks to reduce tension and mistrust between youth and police through video-based advocacy designed to educate youth about their rights and to empower youth to make safe, responsible decisions when dealing with police officers.



Rebecca Rosenthal-Y/k
JRAP founders Laura McCargar, Gabriel Banker-Plotkin, Homer Robinson, Nina Rabin, and Samuel Davidoff accept their giant-sized award check from YES President Julian Revie.

