

The Entrepreneur

Newsletter of The Center for Entrepreneurial Studies

2005-2006 Volume 1

CARLSON
SCHOOL OF MANAGEMENT
UNIVERSITY OF MINNESOTA

Shaker Zabra joins entrepreneurial center

Carlson School gains a scholar with international recognition as the new Robert E. Buuck Chair in Entrepreneurship

The Center for Entrepreneurial Studies is proud to welcome Shaker Zahra to its staff as the Robert E. Buuck Chair in Entrepreneurship.

Shaker's quick wit and ready smile are a delightful contrast to the gravitas of his research and numerous publications focused on corporate, technological, and international entrepreneurship. Shaker has six books in print and more than 140 papers published in highly ranked journals.

Prior to joining Carlson in 2005, Professor Zahra taught at Babson College, Georgia State University, and George Mason University, and he has held visiting professorships at several institutions in Europe, Asia, and the Middle East. He has also taught in sev-

eral Executive MBA and doctoral programs in the US and abroad.

We recently sat down to ask Shaker a few questions about the Carlson School and entrepreneurship in general.

What attracted you to the Carlson School?

With its commitment to excellent scholarship and its growing global links, the Carlson School can become a more influential source of great ideas. Being an integral part of a great research university, the Carlson School can make important strides in creating and disseminating new and influential knowledge about entrepreneurship not only within research labs or companies throughout the state but also in an expanding global marketplace. It is this

potential to build new things, and build enduring linkages within the university and community at large that attracted me. It is a great opportunity for me to work in an outstanding department, with accomplished and recognized colleagues who are doing important work.

Could you tell us a little about your primary research interests?

My research centers on innovation and entrepreneurship and how they contribute to the creation of new skills and competencies. I have studied large companies, multinationals, and very young companies in high technology industries. Competition is global and knowledge-based. So, I have focused on those young industries where the rules of the competitive game are still being written. This is where innovation and resourcefulness matter a great deal.

What do you believe is behind the surge in interest for entrepreneurship education?

Interest in entrepreneurship is a global phenomenon. The United Nations has shown a strong interest in promoting entrepreneurial education. The Organization for Economic Cooperation and Development and the European Union have commissioned studies and white papers on best ways to promote entrepreneurial education. Several nations have also committed themselves to inculcate entrepreneurial skills in their population—Why?

- > There is growing recognition that entrepreneurship is an important source of empowerment and independence.

(continued on next page)



Shaker Zahra, the holder of the new Robert E. Buuck Chair in Entrepreneurship for the Center of Entrepreneurial Studies with Bob Buuck.

Faculty Spotlight

Interview with Shaker Zabra (continued from page one)

- > Business creation is the key way to promote the development of technology and create wealth.
- > Entrepreneurship is an effective means of fostering strategic renewal of older companies, former state monopolies, and ailing businesses. Innovation can and does revitalize maturing businesses and improve their efficiency.

Entrepreneurship and a free market economy are inseparable. Even when the free market economy fails, “social entrepreneurs” use their imagination and creativity to offer new solutions to serious societal issues. But to promote entrepreneurship we need to foster risk taking and give people the skills necessary to define and evaluate promising opportunities, assemble resources, and realize the opportunity. Entrepreneurship education provides these and other skills. It can also enhance people’s “self efficacy” making it possible for them to overcome their fears, explore new things, and pursue new opportunities.

“We need to foster risk taking and give people the skills necessary to define and evaluate promising opportunities, assemble resources, and realize the opportunity.”

How can Carlson ensure that its entrepreneurship research is relevant to the business community?

I have always believed that there is a need for different types of theorists: those who create and test theories and others (like Peter Drucker) who make them more widely accessible to managers. Translations of this type enrich, not dilute, theory. Some might find it odd to talk about reaching the business community by referring to theory but this is where we need to start; with sound research.

Faculty at the Carlson School have several options to ensure the relevance of entrepreneurship research to the community:

- > Listen to entrepreneurs and follow them as they tackle the various issues they face. In this way, researchers can identify important research issues that are relevant to the field and entrepreneurs.
 - > Conduct collaborative (or even interdisciplinary) research on important entrepreneurial phenomena.
 - > Foster sponsored research where entrepreneurs and companies can support relevant research projects or programs.
- > Share findings with entrepreneurs on a regular basis.
 - > Offer training programs or discussion forums of relevant issues.

What impact do you hope to make at Carlson?

The Carlson School is already a great place. Working with my colleagues throughout the School, I hope to:

- > Contribute to better connecting the school to what is happening at the university at large—to exploit the rich heritage and great discoveries made throughout the campus.
- > Contribute to the intellectual development of the field of entrepreneurship as a scholarly discipline through my writing, teaching and outreach activities.
- > Work closely with my colleagues at the Carlson School and elsewhere on campus to make the Carlson School one of the most recognized schools in the field of entrepreneurship.
- > Capitalize on international links in building alliances that will help the Carlson School achieve greater visibility and conduct influential research.”

How do you spend your time when you’re not immersed in your research?

I watch old movies (black and white, so I can tell who the good and bad guys are). I listen to classical, Japanese, Hindustani and Turkish music. And I love to travel.

The Center for Entrepreneurial Studies welcomes three new international scholars

Our guests scholars are spending the fall semester collecting data from local companies and doing joint research with faculty and graduate students.

Bárbara Larrañeta from Universidad Pablo de Olavide in Seville, Spain, is studying how companies develop systems and processes that allow them to capture, understand and absorb knowledge from their market.

Lucia Naldli from Jönköping International Business School in Sweden who is studying the patterns of internationalization of small and medium sized enterprises.

Els Van de Velde from Ghent University in Belgium is studying how companies that are spun-off by established corporations develop and grow their business.

Entrepreneurs in the Making

Entrepreneurship in Action

With three months to operate and \$15,000 of funding, what business would you launch?

The three-month, \$15,000 challenge is being presented to thirty undergraduate students taking the new Entrepreneurship in Action class this year. During the fall semester these students will develop six potential business plans, select the best one, design an organizational structure, and write an implementation plan.

During the spring semester these thirty students will launch and operate their chosen business. Students will elect management and take charge of sales, marketing, supply chain, personnel, accounting, systems, and all other operational areas. With every business decision being made by management, the students will be entirely responsible for their business's success or failure. "It's imperative that they own the decisions and have responsibility for their actions," noted senior lecturer Frank Beil. "In this course they'll learn first-hand the practical and interpersonal challenges of working in a real start-up."

"These students will need to quickly develop the skills necessary to survive and succeed in the real world."

This is not to suggest that the inmates have taken over entirely. Throughout the year-long course, Carlson School faculty from multiple disciplines will lead discussions on the business issues currently being addressed by the student-run business. An external board of directors has been assembled to provide advice, approve funding levels and guide the distribution of any profits. To add to the start-up culture the company will operate out of a dedicated room in the basement of the the Carlson School.

"We're making this as real world as possible," commented Roy Wetterstrom, Center for Entrepreneurial Studies undergraduate director. "These students will need to quickly develop the skills necessary to survive and succeed in the real world. A lot of courses focus on what to do. This course also challenges the students on how to get it done."

Students have been encouraged to come up with a business that will not only have the potential for profits, but will engage the entire class and promote a positive learning environment. Preliminary ideas range from selling customized iPod covers to a campus-oriented video on-demand service.

Jeff Wirth leads entrepreneurs back to the Carlson School



Jeff Wirth

A trial entrepreneurial course launched this fall engages the resources of eight local entrepreneurs who have founded a wide range of successful businesses. Jeff Wirth ('83 BSB), Chairman & CEO of Wirth Companies, is leading this class as a means to give back to the students and share his entrepreneurial

experiences. Jeff has enlisted a *Who's Who* list of Minnesota entrepreneurs who have founded businesses ranging from a restaurant to a bank, to a voice-over-IP service provider.

"I took a class on leadership perspectives taught by Wheelock Whitney," noted Wirth. "The invaluable lessons from the class and the impact it had on my life inspired me to get involved." In this class student groups are paired with entrepreneurs to write a case study about a critical decision point in their company's history. The case studies are then presented to the class for analysis, with the participation of the founding entrepreneur.

Interim co-dean Jim Campbell welcomed the entrepreneurs to class during the first week. "What a terrific and fun learning experience for these students," commented Campbell. "To be able to work directly with the founders to write case studies on such a diverse range of businesses is truly unique. We're very appreciative of their time and effort."

*Thank you
to the following entrepreneurs
for their participation in this class*

Bahram Akradi, founder/chairman & CEO -- Life Time Fitness

Steve DeVries, founder/president & CEO -- Showcore, Inc.

Dick Enrico, founder/CEO -- 2nd Wind Exercise Equipment

Wayne Kostroski, co-founder -- Cuisine Concepts

Tom Petters, founder/chairman -- Petters Group Worldwide, LLC

David Reiling, founder/president -- University Bank

Brett Shockley, founder/president/CEO -- Spanlink Communications

The Center for Entrepreneurial Studies places students with early-stage companies

This fall ten undergraduate entrepreneurial students have been selected for part-time positions with early-stage companies through the Student Entrepreneur Program. The Center for Entrepreneurial Studies started this new program to supplement students' academic development with part-time, paid positions at local entrepreneurial companies led by outstanding individuals.

Students are placed in projects seeking to support the launch of a new business, research new markets, evaluate new products or support general business planning efforts. "As opposed to a traditional corporate intern program most of these companies are in their formative stages and the student will be interacting with the founding team on cross-functional projects," noted the Center's professional director, John Stavig.

Thanks to the initial support of a local alumnus, the companies receive a

subsidized rate of \$6 an hour, while students earn \$12 an hour. "It is a great value for both the company and the student," commented Stavig. "Not only do the projects require them to apply their entrepreneurial education, but the students gain valuable exposure to working in an early-stage environment. They quickly gain a sense whether they have the stomach for it."

The Center hopes to expand the program after this initial year, subject to identifying a long-term sponsor. "For \$1,000 (maximum per student) and a little time spent locating the right companies, we hope to make a tremendous impact on each of these student's careers," Stavig explained.

If you know of any early-stage entrepreneurial companies that may want to participate, please contact John Stavig at 612-625-2485 or jstavig@csom.umn.edu

The director's corner



John Stavig

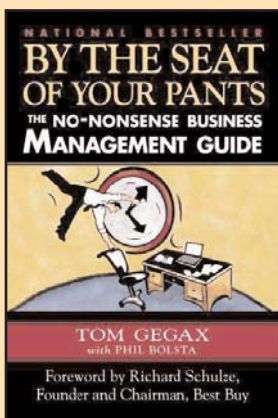
With the continuing support of Bob Buuck and the Office of the Dean, the Center for Entrepreneurial Studies has expanded to fulfill its mission of teaching, research, and

outreach. The appointment of Shaker Zahra as the Robert E. Buuck Chair in Entrepreneurship solidifies our position as a leading research institution in entrepreneurial studies. The demand for top quality entrepreneurship education continues to increase and our enrollment has more than tripled in the past four years. Harry Sapienza, Doug Johnson, Dileep Rao, Roy Wetterstrom and the rest of the CES team have built the foundation for a great program. I'm excited to be back in the Twin Cities and at the University helping to develop the next generation of creative, entrepreneurial leaders.

This fall we've launched a number of new initiatives designed to improve the entrepreneurial student experience at the Carlson. As reported in this newsletter, we've taken significant steps to implement unique experiential curriculum for our undergraduate students. We've implemented programs to encourage students to pursue the start-up of their own businesses, to work in local early-stage companies, and to interact with the local business leaders. We're also launching an alumni version of the tremendously successful Entrepreneurship Club to engage local alumnae in a series of content-driven forums on entrepreneurship. And finally, we're preparing to embark on an expanded outreach effort through conferences, forums, and other efforts to position CES as a resource for the Twin Cities' entrepreneur.

I'm thrilled at the business community's willingness to support and participate in our programs. Please share your thoughts with us and participate in the continuing growth of this very beneficial program at the Carlson School. You can reach me at 612-625-2485 or jstavig@csom.umn.edu.

Entrepreneurial Forum Launching in November



Tom Gegax will headline the inaugural event sponsored by the Carlson Entrepreneurship Alumni Association on November 30 at the Carlson School. Structured as a series of quarterly, content-driven events, the Forum will address a range of issues faced by both new and experienced entrepreneurs. The first will focus on "Building the Foundation for Growth in an Early-Stage Company" and include a panel discussion with Tom, other serial entrepreneurs, and renowned Carlson School researcher and professor, Andy Van de Ven.

**November 30th from 4:30—6:30 P.M.
The Carlson School—Room 2-260Z**

For additional information contact enissen@csom.umn.edu

Student CEOs

By Dawn Skelly, reprinted from *InSights@Carlson School* newsletter

Usually being at the helm of a successful company comes only after years of experience, but a precocious group of Carlson students is proving otherwise. Each of these entrepreneurs runs his own successful company, and each is currently enrolled in the undergraduate entrepreneurial studies program.



Tom Suerth is president of Waterfront Restoration, a company that eliminates nuisance lake weeds on Lake Minnetonka. "I came up with the idea for a by-the-root method of removal," says Suerth, who is scuba certified. "I read up on the science of the technique and test marketed it." Suerth considers his father the source of his entrepreneurial spirit. "My dad was an entrepreneur," explains Suerth. "He was a partner at Underwater Schools of America, a scuba shop, for more than 20 years."

Waterfront Restoration has 20 employees and averaged one new staff member per week throughout the summer. Suerth hires high school and college students who are attracted by his generous wages.

The seasonal nature of Waterfront Restoration helps Suerth balance school and business, but there are drawbacks. "The long hours and lack of social life, the roller-coaster ups and downs, and uncertain income and outcomes are big disadvantages," says Suerth.



Dan Huynh, founder of NRG-X Entertainment, encountered the same problems running his company. "It is always difficult to balance my work life with my personal life," he says. "Sometimes sacrifices are necessary."

NRG-X Entertainment grew out of Huynh's dissatisfaction with the DJs at his school dances. "Most of the DJs were 30-year-old men in tuxedos at dances that weren't formal," he recalls. "Their music selection was horrible and their presence as emcees was dreadful."

Huynh wrote a business plan as sophomore in high school for a mobile disc jockey service. A teacher was so impressed that he committed \$5,000 to help Huynh start the company. Today, NRG-X Entertainment disk jockeys for events throughout the Twin Cities with great success. "As we grew, money came in. But instead of spending that money we reinvested it into the company," says Huynh. "Now NRG-X owns 100 percent of its \$20,000 rig, and our stock in the company has more than doubled."

For Huynh, running a business is a natural fit and a cultural norm. "My parents and many other Vietnamese depend on small businesses to achieve financial independence," he says. Confronting a lack of education and

huge language barriers, small business was often the only option.

Maintaining the delicate balance between school and work requires ingenuity and discipline. "Priorities are important; school first, work second, and personal life last. I make sure that my school work is completed before answering e-mails or returning calls," says Huynh. "The most effective way to deal with school and business is to integrate the two. I always go into a class looking for how that class can benefit my business."



For **Reid Johnston**, president of TechGen Consulting, the biggest challenge of operating his own business is the shortage of time and sleep. "I'm always thinking about work, and have a hard time taking time off," Johnston says. "I spend most of the day working, often until 2 a.m., then wake up at 7 a.m. to start the next day." But the sacrifices are worth it. "My company is my passion. I can't imagine what I'd be doing if I weren't running my business."

TechGen Consulting provides on-site technical support for nearly 40 clients. With two full-time employees and one contract employee, the company's services include website design, network administration, training, remote access solutions, and staff support, and the company is a Dell Premier Partner and a Tech Depot Gold Partner.

"The client picked me up and drove me to the office because I didn't have a driver's license."

Johnston started the company in junior high school. He was fascinated with helping friends and neighbors with their computer problems. Eventually, he took on a real estate company as a client. "The client picked me up and drove me to the office because I didn't have a driver's license," he recalled.

Early on Johnston realized that he longed to run his own company. "As an intern at a web design firm in junior high, I really disliked having a boss keeping an eye on me," he says.

The demands of being a full-time student and business owner are tough. "I don't party as much as the typical college student, nor do I have as much free time," says Johnston. "I try to catch up on my studies on weekends and evenings. I take calls between classes and respond to e-mails from my laptop at the Carlson School, sometimes during class."

Like Suerth and Huynh, Johnston finds the benefits of running a company worth the costs. "When I started fixing neighbors' computers, I had no idea my company would grow to the size it is today."

Center for Entrepreneurial Studies

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Upcoming events

November 30

Entrepreneurial Forum
Keynote Speaker: Tom Gegax
Founder, Tires Plus
4:30—6:30 P.M.
CSOM 2-260 Z

February, 2006

Entrepreneurial Forum
Keynote speaker to be announced
CSOM 2-260 Z

March, 2006

Launch of the 2006 Minnesota Cup Competition

April 27-29, 2006

2006 Ethics & Entrepreneurship Conference
Co-sponsored by Business Roundtable
CSOM 3M Auditorium

Notes and Updates

Entrepreneurial Club Updates

Entrepreneurship Club (Undergraduate)

With over five colleges making up the Entrepreneurship Club's membership, the club has seen new growth and life. Membership is at its highest point ever with over 170 paid members, making it the largest student-run organization in the school. We recently welcomed Larry Werner, Star Tribune business columnist, to assist our club in identifying stimulating entrepreneurial speakers for our twice-weekly club lunches. Our focus continues to be inspiring students to pursue their entrepreneurial passions. Visit our web site at www.ceomakers.com.

Ventures Plus (MBA and Alumni)

Ventures Plus is entering its third year with an active membership of over 100 MBA students and alumni. Monthly events alternate between on-campus keynote speakers and off-campus networking events offering a more casual environment for activities designed to promote the entrepreneurial experience. New initiatives planned for 2005-6 include the Entrepreneurs' Roundtable, breakfast meetings designed to offer a safe environment where entrepreneurs can seek insight, fellowship, and support with challenges and opportunities. Additionally, Ventures Plus is assembling a team to compete in the Thunderbird Innovation Challenge. Visit our new website for more details at www.venturesplus.com.

Thanks to the following business leaders for serving as mentors for undergraduate entrepreneurial students.

Floyd Adelman — founder, Inner Circle
Dave Aasen — founder & CEO, Visuel
Wayne Atkins — COO, Cherry Tree
Robert Bjork — McNellis, Bjork, Brown & Asato, LLC
Dodd Clasen — CEO, Creatis, Inc.
Igor Epshteyn — CEO, Coherent Solutions
John Gabos — CEO, Iceberg Wireless
Tom Kileen — founder, Nicollet Capital
Joy Lindsay — president, StarTec Investments
Justin Porter — Deloitte Consulting
Sam Rosen — Two Rivers
Gregg Saunders — Student Transitions, Inc.
Kevin Schoen — General Mills
Ahmed Siddiqui — founder, Blazing Inferno
Kathy Tune — Thomas, McNerney & Partners
Roy Wetterstrom — founder, Timberwolf Properties