



DAVE DIETER

From left Sherry Floyd, UAH MBA student; Kannan Grant, director, Office of Technology Commercialization, Steve Briere, MBA graduate entrepreneur and Dr. David Berkowitz, academic advisor and chair of Management & Marketing. Briere formed a company, Norcam Inc., which he named after his two children, Morgan & Cameron. He is marketing a handheld radiation detector which maps the area of radiation using GPS and wireless.

Idea accelerator

UAH's New Venture Challenge is teaching innovators how to get from concept to cashflow

By **KIMBERLY BALLARD**

A good idea does not a successful business make - but it is a start. Dr. Jack Fix, dean of the University of Alabama in Huntsville College of Science, believes a successful business is only partially about the technology.

"Technology itself is not enough to build a successful business. You have



Dr. Jack Fix

to take a practical approach to the application of technology, and ask whether people or an industry really want it or need it. How will it make their lives easier or better? What will people pay for it? How much will it cost to implement it, and can you make money when compared against what people will pay? In other words, you have to have a

knowledge of business and how to run a business, or the technology is useless."

Into that gap between technology and the marketplace steps UAH's New Venture Challenge, an effort to build a college curriculum and program that teaches potential entrepreneurs how to transition brilliant technology into viable business ventures.

Dr. David Berkowitz, associate professor of marketing and chair of the Department of Management and Marketing at the College of Business Administration at UAH, has launched

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this structured approach. Dr. Berkowitz knows well the challenges faced by ingenious technology. For 13 years, he has watched both students and faculty span the boundaries between an idea and the commercial launch of that idea into the mainstream marketplace - and he has seen success and failure.

"The objective of the New Venture Challenge is to take the intellectual property - that is, an idea - developed at UAH by engineers, scientists and faculty who demonstrate characteristics of an entrepreneur, and create a marketable business plan that will propel it into a million-dollar enterprise," says Dr. Berkowitz. Scientists are not always in harmony with the successful marketing of their discoveries, especially to a lay audience. "We needed a curriculum that focused on the business end of new technology - teach students how to become successful entrepreneurs."

The New Venture Challenge effort

began last summer with the first of four new classes in an entrepreneurial curriculum: Introduction to Entrepreneurship, New Venture Strategy, New Product Development, and Venture Challenge. Dr. Berkowitz taught New Product Development, a class in which four teams of students learned how to implement a market analysis. This exercise looks at the dynamics of the commercial marketplace and makes determinations on what types of technology the market will support; how the technology will be most useful to the market, and what the market will pay for it. In addition to the new curriculum, UAH is garnering support from partners that contribute in three main areas to the New Venture Challenge. "We need funding, technology and mentorship," Dr. Berkowitz says. Five entities have joined the New Venture Challenge program, and Dr. Berkowitz says it needs more.

Pratt & Whitney, one of the world's

biggest civil and military aircraft manufacturers under the United Technologies umbrella, is one such partner. In August 2005, Pratt & Whitney acquired Rocketdyne, a space propulsion company that now powers the Space Shuttle, from the Boeing Co. According to Dr. Berkowitz, the acquisition means Pratt & Whitney has innovative technology available that is almost impossible to prioritize in so large an environment.

"A partnership with UAH and the resources of many can propel dormant projects to the forefront. A good idea can come from many places and come in many forms," Dr. Berkowitz says.

For example, a Pratt & Whitney innovation called Solar Reserve Technology uses gigantic Solar Power Towers, which the company postulates can be turned into power plants that capture and focus the sun's thermal energy into a 2 square-mile field using mirrors. That same technology can be



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used to power a manned Mars vehicle. It's funded by Wall Street to the tune of \$250 million, but how many people really know about it?

"In this case, Pratt & Whitney is providing money, technology and the mentorship needed to give these silent projects traction in the marketplace," Dr. Berkowitz says. "UAH is proud to be a part of technology so diverse, it will positively affect the world's economy." In addition to Pratt and Whitney, the U.S. Army's Aviation and Missile Research Development & Engineering Center (AMRDEC) on Redstone Arsenal recently joined the New Venture Challenge Partnership. "AMRDEC is thrilled about having an outlet for introducing Army-patented technology into the commercial marketplace," Dr. Berkowitz says.

Other partners include the Alabama Space Grant Consortium (ASGC), with whom UAH is affiliated as a university

involved in space-related research activities, and Polaris, whose theme has always been the constant introduction of new products to the market "thoughtfully planned and flawlessly executed," Dr. Berkowitz says. "By outputting technology from the space industry, the government, and NASA, everyone benefits. Money, technology and mentorship make it a win-win-win proposition."

Huntsville business and technology incubator BizTech is partnering with the New Venture Challenge to further its goals in creating successful companies around unprecedented technology. "We have over 60 'want to be' entrepreneurs approach us every year," says Dick Reeves, the incubator's former president and CEO who now serves there as a consultant. "Thirty rarely come back after the first interview. Seven or eight make it into the program; a little over 10 percent."

Why is the percentage so low, when

to the public, there appears to be so much new technology lining up to make our lives easier and better? It seems the path to business success is a painful one, not made by the faint-hearted.

"Let's first talk about what constitutes a good idea, and then discuss what makes a person an entrepreneur," Reeves says. "Not all good ideas are necessarily good business ideas, but above all, the idea must be new - that is, it has never been done or used before. Amazingly, many of the new ideas people present to us are not new. They are in use somewhere else, in some form. If their discovery is truly unprecedented, we have to make sure there is a use for the technology. Will anyone buy it, and how much will it cost?"

According to Reeves, this vetting process can be quite brutal but it brings to the surface the true element for success: does this person have the characteristics of an entrepreneur? "An entre-

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preneur is above all, a risk-taker." According to Reeves, the salaried company man doesn't make a good entrepreneur. Comfortable with a steady paycheck, they are less likely to risk that while following an iffy idea.

"The entrepreneur is also realistic," continues Reeves. "They accept the long hours, fight through the frustration, and understand there may be factors involved that are beyond their control. There are many of these unknowns, but they work at reducing them to a workable level while spending hours on research and footwork. They seek advice, accept good advice, but keep their focus on their goal."

The process from technological breakthrough to business success has



Dick Reeves

four levels Reeves calls wonder, blunder, thunder and plunder. In the wonder stage, the entrepreneur determines whether there is an opportunity to build a business from the technology. In the blunder stage, one must figure out how the public or a trade industry will use the technology and how will it be supplied to the end-user. Is it a service, a product, a system, or what? "At this stage, many entrepreneurs will build a prototype and begin to crystallize their thinking in order to present the idea to investors," Reeves says, "This takes anywhere from six months to a year."

At the thunder stage, the technology becomes productive. The entrepreneur will see some income from these efforts and may have to hire employees. Here is

where it is determined whether profits and production are worth the cost of staying in business. "We call this stage the valley of financial death," Reeves admits.

Finally, at the plunder stage, the entrepreneur converts the value of the discovery into cash after 5-7 years of stability, and should consider handing the business off to the next growth stage or selling their discovery at a high profit.

Dr. Berkowitz says BizTech's partnership in UAH's New Venture Challenge is a perfect fit. "UAH's purpose in this new program is to accelerate a business idea to the point of incubation," Dr. Berkowitz says. By acting in a coaching role and providing physical and staff support, "BizTech picks up where our new curriculum ends."

"All it takes is one Michael Dell to transform today's breakthrough into tomorrow's business," says Dr. Berkowitz. "Tomorrow's millionaires." ■

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