



The Catalyst January '09 Edition

Bright ideas, industrial art mix at BizStarts' first networking event

The (slightly) better weather helped bring out over 250 bright business minds at the first BizStarts Networking Event, held at the Grohmann Museum on the MSOE campus on January 12th.



Left: Turnout was heavy as bright ideas, discussions of possible deals, swapping business cards and requests for additional bottles of beer and glasses of wine filled the air.

The networking event included several announcements and updates from **Dan Steininger**, **Tom Still**, and **John Torinus**.

Dan Steininger announced Phase 2, an online community fostering connections that help create and facilitate businesses. A launch date is not yet set, but he did announce a contest for all the creative minds in attendance: [Name the Network!](#) A few names have already been suggested, including BizCity, BizStarts Buzz, BizVoltEdge and a number of others requiring alternate capital and small letters in one word. [Send your suggestion here!](#)

Tom Still from the **Wisconsin Technology Council** provided an update on the [Governor's Business Plan Contest](#) (hurry, the entry deadline is Saturday, January 31st at 5pm!) and entrepreneur **Phil Goodman** demonstrated his **Walking Sticks Golf Clubs**, where three clubs can take the place of nine – great for walkers on the course!



Right: Herb Zien and Chris Noyes enjoy some "start-up" talk with John Torinus and Dan Steininger.

Meanwhile, **John Torinus** discussed [BizStarts Venture Track](#), a new BizStarts initiative that will guide fast-growth entrepreneurs through the steps they must follow from idea stage to company formation and launch.

John also discussed Fast Track Tech, a rigorous 10-week program that marches entrepreneurs through classes that result in a full business plan and prepares them to present to investor groups. Venture Track will include one-on-one coaching during and after the class followed by assistance from the regions most successful entrepreneurs and coaches serving as mentors.

The goal was relayed at the Event: BizStarts wants to help 50 start-up companies get up and running by the end of 2010. As of the night of January 12th, the number stood at seven... with 23 ½ months to go!

BizStarts Milwaukee Awarded \$195,000 in Grants

BizStarts Milwaukee was recently awarded \$195,000 in grants from the WIRED Innovation Fund by the Regional Workforce Alliance's Steering Committee. Venture Track was awarded \$145,000 and BizLearn was awarded \$50,000.

WIRED stands for the Workforce Innovation in Regional Economic Development initiative, a federally-funded program designed to transform talent development programs and activities into a sustainable force for regional growth. The Milwaukee 7 region - which includes Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington and Waukesha Counties - is one of 39 areas across the United States participating in the WIRED initiative.

BizStarts will use the grant funds to hire contracted staff, conduct training and implement programs for Venture Track and BizLearn. BizStarts Milwaukee is very grateful to the RWA for their significant vote of confidence in BizStarts to deliver results.

BizStarts Milwaukee Backs Expansion of Early-Stage Credits

Act 255 has served Wisconsin well for two years. It has provided tax credits to more than 100 start-up companies. Under current law, \$8 million a year is provided in credits. A coalition of venture advocates, including BizStarts, has proposed an expansion to \$50 million a year. The coalition also has supported an expansion of the eligibility requirements, so a broader range of companies across the state can qualify for the 25% investment credits.

Another proposed improvement in the Act is the right to sell the credits. That would bring in a wider range of investors, including out-of-state investors who want to put money into Wisconsin companies.

Governor Doyle is a supporter of Act 255.

Four BizStarts initiatives for 2009

As BizStarts Milwaukee moves into its first full year as an organization, it will focus on four initiatives:

- **BizStarts Connect** — The BizStartsMilwaukee.com web site is up and running. It has become the central place to go for information about entrepreneurship. The next step will be to make the site into an interactive space for entrepreneurs to talk to each other. That work is in progress.
- **BizStarts Learn** — Initial meetings have been held to create a consortium of educators in the field of entrepreneurship. Best practices already are being

exchanged by educators across the seven-county region. An assessment of the entrepreneurial programs is in the works.

- **BizStarts Venture Track** — Plans are under way to build a systematic path for entrepreneurs to build a viable business plan and get it launched. It will include a Fast Track Tech education program, a 10-week course that ends with a business plan as a final product. And it will provide coaches/mentors for the venture creators.

- **BizStarts Buzz** — This is the effort to talk up the region as one of the best places to start a business. The culture in the region already is changing toward new ventures to replace the jobs lost in the manufacturing sector. The Milwaukee 7 “grow” strategy will be communicated through the Buzz initiative.

These four initiatives will constitute the bulk of the work for 2009.

“Especially in these toughest of times, our regional economy needs rejuvenation in the form of new businesses,” stated John Torinus, president of the organization.

Dan Steininger, vice president, said, “It’s the new businesses that provide the job creation. We have a lot of work to do to get our economy back on track.”

Featured Entrepreneur: Tom Shannon, Prodesse

You don’t want to catch what Prodesse tests for (infectious diseases), but you definitely want to catch the spirit that Tom Shannon brought to the fledgling organization.

Prodesse makes absolutely cutting edge diagnostic tests for infectious diseases. A spin-off from the Medical College of Wisconsin, Shannon’s investor group bought 51% interest in 2002 when the company had few, if any customers. After realizing the flagship product was too labor-intensive, they contracted for all new IP in 2004 and began making tests that could be cleared by the FDA. Prodesse now has FDA-cleared tests for respiratory disease detection and more in submission for gastro intestinal infections (*Clostridium difficile*), with other respiratory clearances coming. Sales have grown 80-120% each year for these last four years, with five of the country’s top 10 hospitals using Prodesse... 65 US customers in all. In the world of biotech, laden with R&D costs, Prodesse is profitable.



As an entrepreneur, Tom Shannon knew nothing about biotech. As he explains, “I knew what the widgets did, though, versus how to make them. Ironically, we have also learned the science and now, I do know how to make them! So it was a marketing play to me. We continue to have acquisition overtures but with 30% net margins and sales rapidly increasing we may continue to run this enjoyable business a bit longer.”



Shannon has owned other entrepreneurial businesses, including an Agency within the insurance and securities firm Axa Advisors and transportation businesses that were purchased and sold in Nebraska and Florida – a far cry from the current biotech biz.

Tom’s advice? For science-based companies: “Know your intellectual property position and steer clear of government grants unless they directly lead to a commercialized product.”

Tom's general advice: "Run your small company as a big company with audited financials from day one and also go into the deal pre-financed so you can determine your own fate without outside influences."

Find out more about Prodesse at <http://www.prodesse.com/USA/us.html>

Business startups key to job creation in the U.S., says new Kauffman Foundation study!

U.S. Census Bureau data shows that business startups remain robust even in the most severe recession.

A new Kauffman Foundation-funded U.S. Census Bureau study reinforces what entrepreneurship experts have long known: Startup companies are a major contributor to job creation. The report is based on a new product from the U.S. Census Bureau, the Business Dynamics Statistics. The BDS also indicates that startups remain strong even in the most severe recession. At a time when unemployment is reaching record highs, the BDS sheds a spotlight on the critical role new firms will play in economic recovery.

The Kauffman Foundation's research into the early years of business formation has long shown that startup companies are important short-term and long-term contributors to job growth.

Read the full report here:

<http://www.kauffman.org/newsroom/business-dynamic-statistics.aspx>

Know what's happening out there with one click!

One of the great features of BizStartsMilwaukee.com is the **Classes & Events Calendar**. There are a ton of events taking place around Milwaukee that are of interest to entrepreneurs and this is your one-stop shop to find them all!

You'll find the BizStarts calendar at

<http://www.bizstartsmilwaukee.com/Calendar.htm>.

35,000 hits...

...no, it's not Prince Fielder's stats by the year 2050. That's how many hits our website, [BizStartsMilwaukee.com](http://www.bizstartsmilwaukee.com), has received so far! That's about one hit for every individual in Brookfield. Or Greenfield. Or Franklin. Or Menomonee Falls. Or Oak Creek. Or Germantown plus Cudahy...you get the idea.

For up-to-date information on BizStarts Milwaukee, be sure to visit the website:

<http://www.bizstartsmilwaukee.com>

And, check out the new BizStarts Milwaukee LinkedIn group!

<http://www.linkedin.com/groups?qid=1766387>