

THE INDIANA ENTREPRENEUR



Dr. K's Entrepreneurial Perspective

An Entrepreneurial Journey!

Greetings to all from my new home here at Indiana University – Bloomington. I am so proud to be leading what I believe is to be one of the finest entrepreneurship programs in the world! This is not simply my opinion, but rather it is being recognized in all of the recent major rankings. Let me provide you with some specific examples:

IU Ranked #5 for Most Entrepreneurial Business Schools in the US

- *Princeton Review Top Ten Entrepreneurial Colleges (as reported in Forbes, 2005)*

IU Ranked #11 Graduate Business School for Entrepreneurship

- *U.S. News & World Report Best Graduate Schools, 2006*

IU Ranked #4 Public University for Graduate Business Schools in Entrepreneurship

- *U.S. News & World Report Best Graduate Schools, 2006*

IU Ranked #4 Entrepreneurship Program by peers and faculty

- *Entrepreneur magazine Top Ten Schools for Entrepreneurship, 2005*

IU's Executive Director (Dr. Kuratko) Ranked #2 in the nation by peers

- *Entrepreneur magazine Top 5 Entrepreneurship Program Directors, 2005*

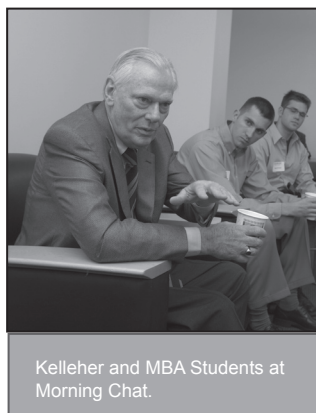
In the area of research at Indiana University, we are expanding knowledge in the realm of entrepreneurship through our preeminent entrepreneurship scholars such as Dr. Jeff Covin, Dr. Tricia McDougall, Dr. Marc Dollinger, and now our newest addition Dr. Dean Shepherd (see related

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Herb Kelleher JCEI Entrepreneur-in-Residence and Keynote Speaker for Entrepreneur Day

Herb Kelleher, founder and executive chairman of Southwest Airlines Co., was the keynote speaker at the Fifth Annual Johnson Center for Entrepreneurship & Innovation Entrepreneur Day at Indiana University's Kelley School of Business on April 6.



Kelleher and MBA Students at Morning Chat.

Kelleher began his visit with a "Morning Chat" with 15 MBA students from the Entrepreneurship Management Academy. The students were able to ask Kelleher numerous questions ranging from his start-up days to his innovative ideas on employee relations, marketing ideas, and today's industry issues.

Kelleher's speech, "Southwest Airlines from the Chairman's View," was part of a larger discussion about corporate governance and ethics. Joining Kelleher on a panel prior to the keynote was Gary Anderson, founder and managing general partner of TL Ventures and a visiting scholar at the Kelley School; Dan Dalton, the Harold A. Poling Chair of Strategic Management and director of the Institute for Corporate Governance; and Wade Lange, president and chief executive officer of Indiana Health Industry Forum. Donald F. Kuratko, the Jack M. Gill Chair of Entrepreneurship and executive director of the Johnson Center for Entrepreneurship and Innovation, moderated the lively discussion.

Dr. Donald F. Kuratko, executive director of The Johnson Center for Entrepreneurship & Innovation, stated "having someone of Mr. Kelleher's stature as our Entrepreneur-in-Residence is such an honor. His entrepreneurial accomplishments are well documented in both academic and non-academic books and magazines. For our Kelley School of Business



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The JCEI Vision:

The #1 University Entrepreneurship Program (Measured by national rankings, model program curriculums, research productivity, nationally renowned faculty, national image, student experiences and placement, and demonstrated leadership in the field of entrepreneurship).

The JCEI Mission:

To be the premier educational vehicle at Indiana University - Bloomington promoting entrepreneurial research, teaching, and practice; to facilitate cross campus entrepreneurial initiatives in the life sciences, biotechnology, and other emerging technologies that foster the development of commercially viable enterprises; to develop and conduct entrepreneurial programs of excellence and to support knowledge creation and transfer that will advance the fundamental understanding of entrepreneurial management, thus increasing the potential for entrepreneurial growth & development.

Dr. Dean A. Shepherd to Join Entrepreneurship Program

One of the nation's leading entrepreneurship scholars, Dr. Dean A. Shepherd will join the Kelley School of Business in Bloomington this fall as a Dean's Research Fellow and Associate Professor of Management.

Dr. Shepherd comes from Colorado University at Boulder's Leeds School of Business where he was an Assistant Professor of Management. Shepherd's teaching interests include entrepreneurship and strategic management. He will be teaching courses in venture strategies and venture screening at the MBA level, as well as working closely with the Ph.D. Program in Entrepreneurship.

Dr. Shepherd's research focus areas include: decision making of entrepreneurs, new venture strategy, venture capital, growth, and opportunity. He has published his research in various sources such as Academy of Management Review, Journal of Business Venturing, Journal of Management, as well as many others. He has also co-published three books: *New Venture Strategy: Timing, Environmental Uncertainty and Performance*, *Attracting Equity Investors: Positioning, Preparing and Presenting the Business Plan*, and *Entrepreneurial Small Business*.



Dr. Shepherd is also on the editorial boards of all major entrepreneurship journals. Shepherd received his MBA and Ph.D. from Bond University in Australia and a Bachelor of Applied Science from the Royal Melbourne Institute of Technology.

JCEI and the Management Department welcome Dr. Dean A. Shepherd as a part of the Kelley School of Business entrepreneurship team!

Roger S. Newton, Ph.D., JCEI Entrepreneur-in-Residence

Roger S. Newton, Ph.D., was a guest of The Johnson Center for Entrepreneurship & Innovation in January as an Entrepreneur-in-Residence.

Newton is Senior Vice President and Director, Esperion Therapeutics, a Division of Pfizer Global Research and Development and formerly President and CEO of Esperion Therapeutics, Inc., a biopharmaceutical company founded in July 1998 and located in Ann Arbor, Michigan.

Newton spent a day visiting entrepreneurial classes at both the undergraduate and graduate level as well as holding a "Fireside Chat" with graduate students from the Entrepreneurship Management and Health & Life Science Academies. He shared his experiences regarding his entrepreneurial career including managing new product development projects, growth challenges as well as what he learned from the process when he sold his company.



Dr. Donald F. Kuratko, executive director of JCEI, said, "Part of JCEI's mission is to offer experiential learning experiences to Kelley entrepreneurship students. To bring an entrepreneur of the caliber of Roger Newton gives our students the unique opportunity to learn about today's high energy, high stakes entrepreneur world."

Esperion is dedicated to the discovery and development of pharmaceutical products for the treatment of cardiovascular and metabolic diseases using a new treatment approach called "HDL Therapy", which is based on the company's understanding of high-density lipoprotein, or HDL, function.

Newton's research interests over the past thirty years have focused on the nutritional and pharmacological regulation of cholesterol and lipoprotein metabolism as they relate to atherosclerosis and vascular diseases. In the course of his tenure at Parke-Davis, Dr. Newton was chair of the Atherosclerosis Drug Discovery Team, during which time he co-discovered and was the product champion of what is now the most prescribed cholesterol-reducing drug in the world, atorvastatin (Lipitor®).

5th Annual MBA Student Velocity Conference

A critical aspect of new business ventures involves understanding the realities of an entrepreneur's working life, from "bootstrapping" to acquiring venture capital funding.

In its sixth year, The Velocity Conference provided 18 MBA students of the Kelley School of Business Entrepreneurial Management Academy an exceptional opportunity to hear candid stories of CEOs and the venture capitalists who are funding them. The Kelley students joined MBA students from Rice University's Jesse H. Jones Graduate School of Management, MIT's Sloan School of Management, and Boston University's Graduate School of Management in Boston to interact and learn more about entrepreneurship from entrepreneurs and venture capitalists.

This year's Conference was held March 4-5, 2005 at Boston University's Graduate School of Management. Entrepreneurial speakers included Mark S. Ain, founder and CEO of Kronos Inc.; Jackie Eastwood, president and CEO and Michael McClurken, vice president of Research & Development, TissueLink Medical, Inc.;



MBA Students Touring the Sites in Boston



MBA Students with Dr. Jack and Linda Gill and Dr. K

Eugene Kuznetsov, founder, chairman and CEO, DataPower Technology, Inc.; Charles R. Lax, managing general partner, GrandBanks Capital; and Sidney Wolk, chairman and CEO, The Cross Country Group.

Attendees also heard about the trends and development in VC financing from a venture capitalist panel and about the "Landmines on the Road to Success" from Dr. Jack M. Gill, cofounder, Vanguard Ventures.

Velocity Award: Scott A. Jones

Scott A. Jones, a classic inventor/entrepreneur who holds several patents including one for "Voicemail," was presented the Velocity Award at this year's annual Velocity banquet. The award recognizes Jones' contributions to the acceleration of entrepreneurial careers and support of the MBA Entrepreneurial Management Academy. A graduate of Indiana University, Jones continues to actively build businesses capitalizing on advanced technologies. He is founder/chairman of one of Indiana's leading venture capital firms, Gazelle Tech Ventures, as well as the founder/chairman of several other high tech companies.



Scott A. Jones

The Velocity conference underscores the premier role of entrepreneurship, technology and innovation in the contemporary business environment. Each year, the conference travels to a different university exposing aspiring entrepreneurs to networking opportunities, allowing them to exchange exciting ideas with peers of other top tier MBA programs, and visit diverse geographic hotbeds of entrepreneurial activity. Past partner schools include University of California, Berkeley; Stanford University; and University of Texas at Austin.

Dr. K's Entrepreneurial Perspective, continued from page 1

story on page 2). These professors are considered some of the nation's best thought leaders in entrepreneurship and I am very proud to be part of this team of scholars leading the journey here at the Kelley School of Business.

I hope this gives you an indication of the national respect we have already established in this emerging field of study. IU's Kelley School of Business is one of an elite group of universities that currently offer Entrepreneurship Programs at the undergraduate, MBA, and PhD levels. We are proud of our program's status and recognition; however, we intend on aggressively developing fresh and more innovative approaches to entrepreneurship education as well as continuing to produce leading edge research in the entrepreneurship field. It will be a challenging journey as we seek to be recognized as one of the global leaders in entrepreneurship!

In this issue of our Indiana Entrepreneur, you will find some of our more interesting developments over the last few months. I hope you enjoy reading the summaries as we are attempting to inform our constituents of the steps we are taking in this entrepreneurial journey. We encourage you to stay in touch and stay involved. This journey is going to be an exciting one!!

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JCEI Inaugurates the Indiana Entrepreneurial Awards of Distinction

The Johnson Center for Entrepreneurship and Innovation at Indiana University's Kelley School of Business has created an opportunity to recognize exceptional entrepreneurial companies with The Indiana Entrepreneurial Awards of Distinction in the areas of Growth (35% or higher), Entrepreneurial Spirit, Innovative Pioneer, and Innovation and Entrepreneurial "Best Practice".

In addition, two special awards will be given: the Entrepreneurial Edge Award, for the most impressive emerging company, and the William L. Haerberle Entrepreneurial Legacy Award, for the Indiana entrepreneur whom has left an indelible mark.

We look forward to publicly recognizing the award recipients at a banquet in October.

The Johnson Center for Entrepreneurship and Innovation at the Kelley School of Business, Indiana University-Bloomington invites commendable entrepreneurial companies to compete for the Indiana Entrepreneurial Awards of Distinction. Companies may apply in more than one award area. The owners/employees of the company or outside parties, such as clients or vendors, may make nominations.

There is no application fee for the Indiana Entrepreneurial Awards of Distinction program. However, upon selection for the award, entrepreneurs will have the option to join The Emerging Entrepreneurial Executive Program for a nominal fee.

For your convenience, companies can download and print the application or complete it online at: <http://www.kelley.iu.edu/jcei/business/iead/iead.html>.

If you have any questions please do not hesitate to contact Rita F. Wilds, Entrepreneurial Program Manager, 812-855-4248 or rfwilds@indiana.edu.

Entre-Fact ~

*The word entrepreneur comes from the 13th century French verb *entreprenre*, meaning "to do something" or "to undertake". By the 16th century, the noun, *entrepreneur*, emerged to refer to someone who undertakes a business venture.*

"I don't worry about the shareholders. If we take care of our employees and our customers, the shareholders are taken care of."

– Herb Kelleher, Founder and Executive Chairman of Southwest Airlines

5th Annual Entrepreneur Day, continued from page 1

students to be able to hear in-person his incredible story is indeed an extraordinary opportunity."

Kelleher, a founder of Southwest Airlines, currently serves as its executive chairman, a position he has held since 1978. From 1981 to June 2001, he also served as Southwest's president and CEO.

Southwest commenced service with three airplanes in 1971 and today operates a fleet of 375 airplanes making approximately 2,800 flights per day. Kelleher's company has been profitable for 30 consecutive years and has never furloughed an employee. The fall 2002 edition of Money magazine revealed that, during the 30-year period of 1972-2002, Southwest produced the highest return to shareholders of any company included in the S&P 500 during that period: \$10,000 invested in Southwest in 1972 was worth \$10.2 million in 2002 (an average increase of 25.99 percent per year). When questioned how he balanced his obligations to his shareholders and the company, Kelleher responded, "I don't worry about the shareholders. If we take care of our employees and our customers, the shareholders are taken care of."



Herb Kelleher and Dr. Donald F. Kuratko

For the complete panel discussion and keynote, please go to:

Panel Discussion:

56k Modem: www.indiana.edu/~kdmedia/asxfiles/JohnsonLB/panel.asx

Broadband: www.indiana.edu/~kdmedia/asxfiles/JohnsonHB/panel.asx

Keynote by Herb Kelleher:

56k Modem: www.indiana.edu/~kdmedia/asxfiles/JohnsonLB/Kelleher.asx

Broadband: www.indiana.edu/~kdmedia/asxfiles/JohnsonHB/Kelleher.asx

INDIANA UNIVERSITY
KELLEY
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Kelley's Ph.D. Entrepreneurship Program Continues to Grow

Only five year's ago, the Kelley School of Business began its Ph.D. Entrepreneurship program under the inspiration and guidance of Drs. Patricia P. McDougall and Jeffrey G. Covin. Today, this award-winning program has nine students-an exceptional number, especially since there are only six Entrepreneurship Ph.D. programs in the country.

Current entrepreneurship Ph.D. majors are: Steven W. Bradley, Stephanie Fernhaber, Kimberly Green, and Robert Mitchell. Ph.D. minors are: Bobby Garrett, Brad George, Kevin L. Johnson, In Hyeock Lee, and Hana Milanov.

The program graduated its first entrepreneurship Ph.D. candidate, Brett Gilbert, in May 2004. She began her teaching career last fall as an assistant professor in the Department of Managerial Sciences at the J. Mack Robinson College of Business at Georgia State University. Her areas of expertise are entrepreneurship, new venture performance, alliances, and geographic clusters.

This spring, Kevin L. Johnson will graduate with a Ph.D. entrepreneurship minor and has accepted a position as an assistant professor Management in the Management & Entrepreneurship Department at Baylor University in Texas. His areas of specialization are internal corporate venturing and new venture creation strategies.

In 2004, the Kelley School of Business won first place as the USASBE (The United States Association for Small Business and Entrepreneurship) Model Ph.D. Entrepreneurship program.



Brett Gilbert



Kevin L. Johnson

Ph.D. Candidates Form Research Team Focusing on Corporate Venturing and Innovation

Under the direction of IU entrepreneurship professors Dr. Jeffrey G. Covin and Dr. Donald F. Kuratko, a group of doctoral students is conducting research focused on the venturing and innovation efforts of corporations. This Corporate Venturing Research Team (CVRT) began work during fall semester 2004 and now has several projects underway.

The study of corporate venturing lies at the interface of corporate entrepreneurship and strategic management. Corporate venturing research examines the activities of established corporations starting new businesses. It also considers the research and development (R&D) and innovation behaviors that often precede the creation of new corporate ventures. Such decisions are strategic because they involve choices about which industries to enter and how to compete in those businesses.

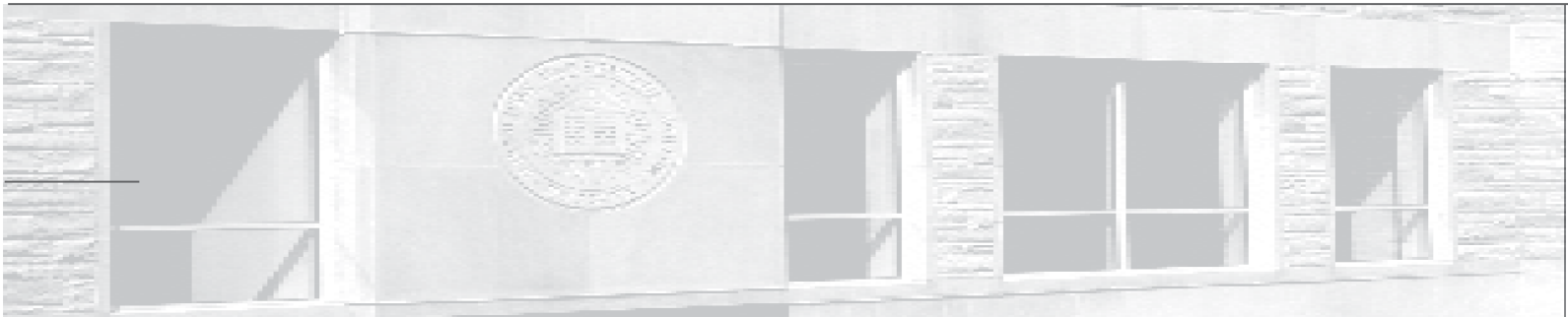
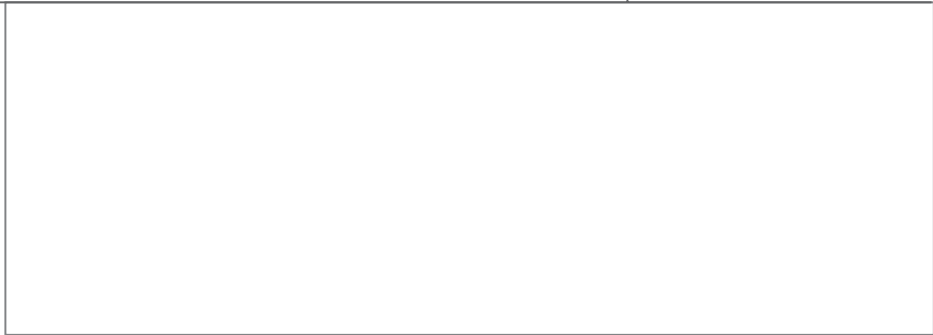
These topics are of interest to both researchers and practicing managers because potential outcomes of venturing include increasing sales growth, learning about new markets and technologies, exploiting capabilities or underutilized assets, and revitalizing the corporation and its competitive position.

Student members of the CVRT include Steven W. Bradley, Bobby Garrett, Brad George, Kimberly Green, Kevin L. Johnson and Hana Milanov. Team members work individually or as co-authors in writing papers, a process which is truly a coordinated effort since the entire team gives feedback to help other members develop both their ideas and the presentation of those ideas. Conceptual papers written so far include one exploring the implications of treating a parent's collection of ventures as a portfolio. A paper examining the mechanisms through which the degree of diversification relative to the parent impacts a venture's performance has been accepted for presentation at the Academy of Management national conference in August.



Pictured clockwise from left: Kimberly Green, Steven Bradley, Brad George, Bobby Garrett, Dr. Donald F. Kuratko and Dr. Jeffrey G. Covin.

Other topics the team is investigating include how a corporation might effectively balance control over ventures with encouragement of their innovative activity and how the actions of a corporation's board of directors influence venturing choices. Work is also underway to explore existing databases and to develop survey instruments to collect data for empirical studies.



We would like to acknowledge the following members of our Executive Board and our newly created West Coast Board of Advisors for their support, vision and guidance.

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