



The

Indiana Entrepreneur

Ψ | KELLEY SCHOOL OF BUSINESS
INDIANA UNIVERSITY

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Southwest Airlines Founder Headlines Kelley School of Business Inaugural Entrepreneurial Event Dr. K's Entrepreneurial Perspective



Herb Kelleher, founder of Southwest Airlines, addresses the audience at the first IU Entrepreneurial Connection held on February 8 in Bloomington.

Herb Kelleher, founder and executive chairman of Southwest Airlines, made a return visit to Indiana University's Kelley School of Business as the Distinguished Entrepreneur-in-Residence of the Johnson Center for Entrepreneurship and Innovation on February 8th. He was the keynote speaker for the Center's first IU Entrepreneurial Connections Program. Kelleher first visited the Kelley School in the spring of 2005.

Kelleher launched Southwest Airlines with three airplanes in 1971, and today it operates a fleet of 520 airplanes performing more than 3,300 flights per day. Kelleher's company has been profitable for 34 consecutive years and has never furloughed an employee. In 2002, *Money* magazine revealed that during the 30-year period of 1972 to 2002, Southwest Airlines produced the highest return to shareholders of any company included in the S&P 500 during that 30-year period: \$10,000 invested in Southwest

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The JCEI Mission

To be the premier entrepreneurship entity at Indiana University - Bloomington by facilitating entrepreneurial knowledge creation through entrepreneurial research, teaching, and practice; to be the hub for cross campus entrepreneurial initiatives in the life sciences, biotechnology, informatics, law, music, and other entrepreneurial departments fostering the development of entrepreneurial research or commercially viable enterprises; to develop and support knowledge creation and transfer advancing the fundamental understanding of entrepreneurial management, thus increasing the potential for entrepreneurial growth and development.



Dr. Donald F. Kuratko, Executive Director of the JCEI

Spring has finally arrived here on the campus of Indiana University- Bloomington. We always look forward to this time of year when the rolling hills of Indiana come alive with the colors of spring! It's hard to believe that the 2007-2008 academic year has come to an end. I hope that your entire year was as productive for you as it was for us here at Indiana University. We had a successful spring semester in terms of programs, curriculum, research, and rankings, all of which we have highlighted in this issue of our "Indiana Entrepreneur."

We are exceptionally proud to continue our ranking as the #1 entrepreneurship program for public universities at both the undergraduate and graduate levels. (see below). This reflects the tremendous work of our faculty, students, advisors, and supporters. Thanks to all of you!!

Indiana University's Entrepreneurship Program ranked the #1 public university

-U.S. News & World Report 2008 ranking of graduate business programs

Indiana University's Entrepreneurship Program ranked the #1 public university

-U.S. News & World Report 2008 ranking of undergraduate business programs

In light of the sustained national prominence of our entrepreneurship program and outstanding faculty, the Management Department at Indiana

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FOR ENTREPRENEURSHIP
& INNOVATION

Dr. Jeffery S. McMullen Joining Kelley's Elite Entrepreneurship Program



Dr. Jeffery S. McMullen

Dr. McMullen will join Indiana University's Kelley School of Business as an Assistant Professor of Entrepreneurship in the fall. He was previously an assistant professor of Management and Entrepreneurship at Baylor University.

He earned his MBA and PhD in Strategic Management and Entrepreneurship at the University of Colorado at Boulder and completed his undergraduate training in Accounting at New Mexico State University.

Dr. McMullen has taught Strategic Management, Entrepreneurship, and Social Entrepreneurship at Baylor University and the University of Colorado where he has been nominated for numerous teaching awards. His Social Entrepreneurship Course was awarded the Academy of Management and McGraw-Hill/Irwin Award for Innovation in Entrepreneurship Pedagogy in 2007, as well as being awarded Baylor University's Hankamer School of Business Young Researcher Award.

His current research interests involve entrepreneurial decision making, social entrepreneurship, and economic freedom. He has been published in the *Academy of Management Review*, the *Journal of International Business Studies*, the *Journal of Management Studies*, the *Journal of Business Venturing*, *Entrepreneurship: Theory & Practice*, the *Strategic Entrepreneurship Journal*, and *Small Business Economics*. He serves on the editorial board of the *Journal of Business Venturing and Entrepreneurship: Theory & Practice*, and was the winner of the National Federation of Independent Business (NFIB) Best Paper on the General Topic of Entrepreneurship at the Babson Entrepreneurship Research Conference in 2007, and was the winner of the Academy of Management's Best Conceptual Paper in the Entrepreneurship division in 2002.

In addition to his teaching and research, he has consulted with and created new ventures in the Boulder Valley area and has worked in the Information, Communications, and Entertainment (ICE) division of KPMG, Denver. As a CPA, he specialized in emerging enterprises and played a significant role in a number of initial public offerings.

Kelley School of Business announces name change: Department of Management & Entrepreneurship

Indiana University and the Kelley School of Business proudly announce a name change in the traditional Management Department. In order to better reflect the success of Kelley's entrepreneurship program, the faculty voted earlier this year to change the department name to the Department of Management & Entrepreneurship.

In making this move, the faculty agreed that both areas, management and entrepreneurship, are nationally ranked and should both be reflected in the department title. In addition, the faculty believes the continued combination of research expertise in both academic areas builds a stronger overall brand for the Kelley School of Business.

"This is another step for Indiana University in taking the leadership role across the globe in entrepreneurship," stated Dr. Donald F. Kuratko, the Jack M. Gill Chair of Entrepreneurship & Executive Director of the Johnson Center for Entrepreneurship & Innovation. Dr. Dean A. Shepherd, the Randall Tobias Chair in Entrepreneurial Leadership stated, "The name change reflects the Kelley School of Business's belief in, and support of, entrepreneurship. It shows that entrepreneurship is a key component of who we are as a department and as a school."

Dr. Idie Kesner, Chair of the Department of Management & Entrepreneurship, summed it up best when she stated, "Renaming our department to include 'Entrepreneurship' reinforces to external constituents what we already know internally – our outstanding entrepreneurship faculty, their impact on research in the field, and the path breaking courses, majors and programming we offer are second to none. Our department's name change is a reflection of the prominence entrepreneurship has at the Kelley School of Business and its fit within the Management Department. We are confident that this move will continue to raise our profile in the minds of prospective and current students, faculty, alumni, and recruiters."

2008 Velocity Conference Held in Houston

The 8th annual Velocity Conference this year was held in Houston, Texas, February 28-March 1. Founded by Jack M. Gill, PhD, The Gill Foundation and IU trustee, the Velocity Conference is an annual event organized by Indiana University's Kelley School of Business in partnership with another university for the purpose of "accelerating entrepreneurial careers". Rice University served as the host for this year's conference with Texas A&M as a partner and Syracuse University as a participating school. There were a total of 60 students representing the four schools.

The speakers for this year's Velocity Conference included: Nicholas Seet, Founder & CEO of Auditude Media Verification Services; Jim Pearson, Former CEO of Suros Surgical & President and CEO of NICO Corporation; Damon Spiegel, Jason Gill and Tyler Gill of Physicians Capital Group; Rick Johnson, President of Johnson Ventures; Troy Williams, Founder of Questia & People Pad; Michael Holthouse, Founder of Paranet Inc.; Jack M. Gill, PhD of Maven V.C. and the Gill Foundation; and Richard Scruggs, Founder, former CEO of Align Solutions Corp. As one Syracuse University student noted, "Hearing from all the entrepreneurs and their journeys was great. It allows us to search our souls to see whether or not we have what it takes."



Kelley MBA Entrepreneurial Management Academy members were special guests at NASA's Johnson Space Center.

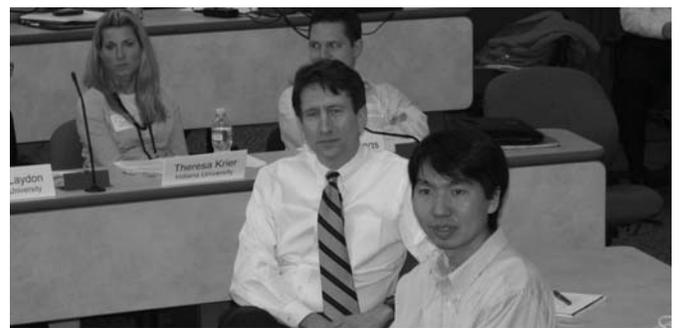
The students were treated to a VIP tour at NASA's Johnson Space Center one afternoon. The tour included the three mission control rooms, including the one from the Apollo 13 project, and the chance to see the astronaut training and shuttle mockup area that includes a life-size shuttle. At the conclusion of the NASA tour was a reception with former astronaut and current entrepreneur and venture capitalist, Dr. Bernard Harris, as a speaker.

A celebration banquet was held at the conclusion of the conference that included guest speaker Rod Canion, co-founder and former CEO of Compaq computers. During Mr. Canion's tenure at Compaq the company set records for the largest first-year sales in the history of American business and reached the Fortune 500 and the \$1 billion revenue mark faster than any other company in history. Mr. Canion was given the Grand Velocity Award.

In addition to the great speakers and phenomenal tour at NASA, the students enjoyed getting to know MBA students from the other schools and learn more about their entrepreneurship programs. Summing up the experience, an IU student remarked, "Hearing the entrepreneurs' experiences was very inspiring and helped reassure me that I am not a 'misfit' because I don't want to work in a corporation."



Dr. Michael Morris, Executive Director, Department of Entrepreneurship & Emerging Enterprises, Syracuse University interviews Richard Scruggs, founder and former CEO of Align Solutions Corp. & Director of the Center for New Ventures & Entrepreneurship at Texas A&M University.



Brad Burke, Director of Rice Alliance for Technology and Entrepreneurship and Nicholas Seet, Founder & CEO of Auditude Media Verification Systems.

Ψ Entrepreneurial Thought Leadership

Dr. Gregory F. Udell — Entrepreneurial Finance

Dr. Gregory F. Udell is the Chase Chair of Banking and Finance at the Kelley School of Business, Indiana University, Bloomington, Indiana. Dr. Udell is a leading scholar in entrepreneurial finance and banking with over 70 publications on these and related topics. These publications include articles in prestigious academic journals in finance and economics, including the *Economic Journal*, *Journal of Banking and Finance*, *Journal of Business*, *Journal of Financial Economics*, *Journal of Financial Intermediation*, *Journal of Money, Credit and Banking*, *Journal of Monetary Economics*, and the *Journal of Political Economy*. He is the author/co-author of two textbooks, *Asset-Based Finance* (2004), and *Principles of Money, Banking and Financial Markets*, 11th edition (2004). He is also an associate editor/editorial board member of a number of academic journals including the *Journal of Money, Credit and Banking*, *Journal of Financial Services Research* and *Small Business Economics*.



Dr. Gregory F. Udell

He has been a consultant to a number of different U.S. and international organizations including the Bank of Japan, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of Chicago, the Federal Reserve Bank of San Francisco, the International Finance Corporation, Peoples Bank of China, the Riksbank, and the World Bank. Professor Udell is a member of the Academic Advisory Board of the Turnaround Management Association and has been actively involved in the Financial Management Association where he has served in a variety of capacities including Vice President for Global Services, Board Member, and Co-Chair of its annual European meetings (Barcelona, 2007).

Before coming to the Kelley School, Dr. Udell was a Professor of Finance and Director of the William R. Berkley Center for Entrepreneurial Studies at the Stern School of Business at New York University. Prior to starting his academic career he was a commercial loan officer at the National Boulevard Bank and then Vice President at the Marina Bank, part of the former LaSalle group, both in Chicago.

Most of Dr. Udell's recent research has focused on how small and midsized enterprises (SMEs) access credit markets. He has been particularly interested in why SMEs appear to be more financially constrained than large corporations, how the banking and financial markets in different countries function to mitigate this problem, and the extent to which this problem is exacerbated during periods of economic distress such as bank credit crunches. He has conducted studies on this topic in a number of countries that include both developed economies and developing economies. Specifically, his recent research on financing in the SME sector includes studies in Argentina, Eastern Europe, Japan, Korea, Spain and the U.S. According to Google Scholar, his seminal 1995 paper on SME financing ("Relationship Lending and Lines of Credit in Small Firm Finance," *Journal of Business*, with Allen N. Berger) has been cited over 750 times. He has lectured on entrepreneurial finance and SME credit availability to bankers, regulators, legislators and graduate business students all over the world including most recently China, Croatia, India, Japan, Korea and Vietnam.

Selected Recent Research Publications

"Bank Size and Lending Relationships in Japan," *Journal of the Japanese and International Economies*, with Hirofumi Uchida and Wako Watanabe (forthcoming).

"What's In a Relationship? The Case of Commercial Lending," *Business Horizons* (forthcoming)

"Does Market Size Structure Affect Competition? The Case of Small Business Lending," *Journal of Banking and Finance*, with Allen N. Berger and Richard Rosen (January 2007).

"Lending Channels and Financial Shocks: The Case of SME Trade Credit and the Japanese Banking Crisis," *Monetary and Economic Studies*, with Kenshi Taketa (November 2007).

"A More Complete Conceptual Framework for SME Finance," *Journal of Banking and Finance*, with Allen N. Berger (November 2006).

"The Institutional Memory Hypothesis and the Procyclicality of Bank Lending Behavior," *Journal of Financial Intermediation*, with Allen N. Berger (October 2004).

"The Past, Present and Probable Future of Community Banks," *Journal of Financial Services Research*, with Robert DeYoung and William C. Hunter (April 2004).

"The Value of Private Sector Credit Information Sharing: The U.S. Case," *Journal of Banking and Finance*, with Jarl Kallberg (March 2003).

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Southwest Airlines Founder

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Airlines in 1972 was worth \$10.2 million in 2002, an average increase of 25.99 percent per year.

Kelleher's speech, "Southwest Airlines' Culture," led into a larger discussion on the making of a successful entrepreneur. Joining Kelleher on a panel following the keynote address was Dr. Gary J. Anderson, founder and managing general partner of TL Ventures and a venture capitalist-in-residence at IU, and Dr. William L. Haeberle, professor emeritus of management in the Kelley School. Dr. Donald F. Kuratko, the Jack M. Gill Chair of Entrepreneurship and executive director of the Johnson Center for Entrepreneurship and Innovation, moderated the discussion.



Current and alumni Kelley entrepreneurs networked during IU Entrepreneurial Connection "Open Mic" session.

Immediately following the panel discussion was an entrepreneurial networking program. Kelley alumni with entrepreneurial experience were invited to participate by giving "elevator" pitches about their companies, their services, hiring or internship availabilities, and mentoring interests. Students with entrepreneurial aspirations were also invited to promote their ideas.

"In order to develop a new entrepreneurial initiative for our alumni and current students, we needed a nationally renowned entrepreneur to headline the day. There is no greater entrepreneurial success story than Herb Kelleher and Southwest Airlines," Kuratko said. "I am so pleased he was willing to provide a special return visit to the Kelley School of Business."

"This unique networking format will encourage our alumni to interact in an open venue where everyone can benefit by their appearance," Kuratko said. "We want the entrepreneurial alumni of the Kelley School of Business to know that they are genuinely important to us and that they can be a conduit to the future successes of our entrepreneurship program."

With over 250 people attending, the Johnson Center for Entrepreneurship and Innovation hopes to build on the achievement of this event to create an annual entrepreneurial networking forum for Kelley School students and alumni.

Research Publications

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"Small Business Credit Availability and Relationship Lending: The Importance of Bank Organizational Structure," *The Economic Journal*, with Allen N. Berger (February 2002).

"The Ability of Banks to Lend to Informationally Opaque Small Businesses," *Journal of Banking and Finance*, with Allen N. Berger and Leora F. Klapper (December 2001).

"The Effects of Bank Mergers and Acquisitions on Small Business Lending," *Journal of Financial Economics*, with Allen N. Berger, Anthony Saunders, and Joseph Scalise (November 1998).

"The Economics of Small Business Finance: The Roles of Private Equity and Debt Markets in the Financial Growth Cycle," *Journal of Banking and Finance*, with Allen N. Berger (August 1998)



Over 250 gathered to hear Herb Kelleher, founder of Southwest Airlines, at the first IU Entrepreneurial Connection program.

Brightpoint, Inc. Founder, Robert J. Laikin, Entrepreneur in Residence

Robert J. Laikin, founder, Chairman of the Board & CEO of Brightpoint, Inc., served as the 2008 Distinguished Entrepreneur-in-Residence. He spent a day sharing his observations with Kelley entrepreneur students about starting and then keeping a business on the cutting edge of today's demanding business world.

Laikin credits his long-term success in the wireless industry to a series of wins, all shrewdly aligned and appropriately leveraged. Smart collaborations are driving the success, and there is no other collaborator in wireless with the insight, the experience, and the infrastructure to equal Brightpoint.

“Through performance and service, we have earned a place as trusted partners to our customers and suppliers around the world. More than 25,000 B2B customers globally, including some of the industry's most successful OEMs, network operators, retailers, and dealers, rely on Brightpoint to distribute their devices, expand their sales channels and transform their logistical challenges into revenue-making opportunities,” Laikin commented.

In 2007, Brightpoint was selected as one of America's Most Admired Companies by *FORTUNE* magazine, ranking in the top 5 of the “Wholesalers: Electronics” category.

Brightpoint is the ‘last mile’ in the wireless distribution and services value chain, providing quickly deployed, flexible and cost-effective solutions with a global reach.

“We are intensely committed to helping our customers succeed,” Laikin said. “We measure our own success, first and foremost, by the success of our customers.”



Dr. Kuratko (left) listens as Robert J. Laikin responds to a question.

Audretsch Honored as “Distinguished Professor” by Indiana University



Dr. David B. Audretsch

Dr. David B. Audretsch, the Ameritech Chair of Economic Development at Indiana University was bestowed the title, “Distinguished Professor” by the university at its recent Founders Day program. This is one of the most prestigious honors that can be earned by a professor.

It is no surprise to the entrepreneurship teams at IU that Dr. Audretsch has been so honored. “Of all the scholars in the world, I know of no living scholar whose collective work has had more impact on entrepreneurship and small business research than Professor Audretsch,” says Patricia P. McDougall, Kelley School of Business Associate Dean of Faculty & Research and William L. Haerberle Professor of Entrepreneurship at IU Bloomington.

Dr. Audretsch is considered a leading scholar in the field of entrepreneurship and innovation. He is credited with much of the scholarly research that serves as the field's foundation.

His influence on other scholars in the field has been well documented. According to Thomson Incites, from 1996 to 2006 he was the twenty-first most-cited scholar in the literature of economics and business. In 2007, he was named one of the 60 most influential economists of all time. He has authored or edited 30 books and countless journal articles. Professor Audretsch has garnered significant international recognition for his work as well.

In 2001, he received the International Award for Entrepreneurship and Small Business Research, a \$50,000 prize, from the Swedish Foundation for Small Business Research. In 2003, he accepted an invitation to become director of the Research Department on Entrepreneurship, Growth, and Public Policy at the prestigious Max Planck Institute of Economics in Jena, Germany. He also holds affiliated positions at universities in Australia, England, and Germany.

It is easy to see why Dr. Audretsch has earned this tremendous distinction at Indiana University. On behalf of our entire entrepreneurship team we say, “Congratulations”!

Dr. K's Entrepreneurial Perspective

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University has officially changed its name, by vote of the faculty, to the Department of Management and Entrepreneurship! We believe this reflects the phenomenal research and teaching faculty in both Management and Entrepreneurship that exists at IU. The blend of both areas makes our entrepreneurship program truly a national model!

Among our successful spring programs, on February 8th we held the 1st annual IU Entrepreneurial Alumni Connections Program where 250 alumni and students gathered for a unique networking event. With Herb Kelleher from Southwest Airlines providing the keynote address, this event was a huge success! We also conducted seven MBA Academy Intensive Immersion projects, developed a special consulting project for Abbott Labs in Chicago with 10 of our MBA students, and held another successful Velocity Program in Houston, Texas with Rice University, Syracuse University, and Texas A&M University. It has been a busy semester!

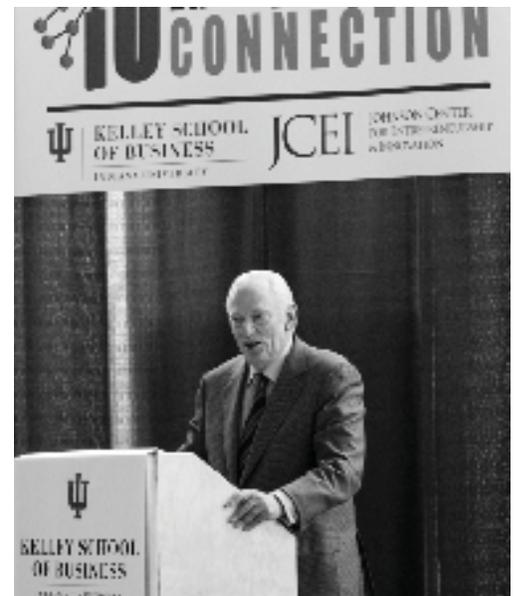
In our entrepreneurship curriculum efforts, we initiated a new intensive experiential program for undergraduate majors. Entitled the "IU Innovation Fellows Accelerator," this program selects some of the best undergraduate entrepreneurship students for a week-long intensive immersion into various aspects of entrepreneurial activity. We have also worked with the Dean of the Jacobs School of Music to establish a Johnson Center for Entrepreneurship & Cultural Leadership. In April, we hosted the first of a series of informal receptions for the scientists from our new Simon Hall, a multidisciplinary science building. Held at our Johnson Center for Entrepreneurship & Science Innovations office within Simon Hall, these receptions are designed to bring together the world of business and science in order to facilitate the transfer of great research ideas from the laboratory to the marketplace. Our mission to infuse the entrepreneurial perspective continues to emanate throughout the IU campuses.

From a research perspective, our entrepreneurship faculty has continued to be phenomenally productive. The quantity and quality of our entrepreneurship publications has been remarkable. We are proud to be expanding the IU entrepreneurship team as we welcome Dr. Jeff McMullen, formerly of Baylor University. One of the nation's premier "up and coming" entrepreneurship researchers and teachers, Dr. McMullen brings a unique set of skills to the IU entrepreneurship faculty. Welcome aboard, Jeff!!! The commitment to entrepreneurship research here at Indiana University continues.

Overall, it has been a great semester for us here at Indiana University and we are pleased to share the highlights with you. We continue our journey to create the entrepreneurial world of tomorrow and set the global example for a truly entrepreneurial university!



Herb Kelleher (right) answers questions among a small gathering of Kelley MBA students, including from left to right, Nikhil Ghatnekar, Adam Bennett, Brigit Zimmerman, and Ryan Aspy.



Herb Kelleher talks about the importance of building a culture that cares about people, both employees and customers.

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