



**Enterprise
Center**

AT | SALEM | STATE | UNIVERSITY

THE LONG-TERM IMPACT OF BUSINESS PLAN COMPETITION SUCCESS

**A Survey of Past North of Boston
Business Plan Competition Winners**

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Commissioned by
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EXECUTIVE SUMMARY

The Enterprise Center at Salem State University has conducted the annual North of Boston Business Plan Competition (the Competition) every winter since 2005.

The goal of the Competition is to provide an opportunity for early stage/start-up companies to present their business plans to a panel of experienced and successful business CEOs, who act as judges, critique their plans and give them constructive feedback. Being chosen a winner provides a company with a cash award as well as publicity, market attention and potential access to venture and/or start-up capital. Each year the judges choose a first, second and third prize winner and announce them to a broad business and media audience.

In October 2010, the Enterprise Center engaged Moulton Consulting to follow up with each of the winners of the Competition since its inception in 2005. Of the 18 winners identified, Moulton was able to speak with 14 of the companies.

THE WINNERS TODAY

All fourteen companies interviewed are still in business. Two of them are self-described as ‘dormant,’ but the other 12 consider themselves to be in business. Of the 14 companies:

- **Four report no revenue or sales in 2010.**
- **Three report sales of between \$40,000 and \$499,000 in 2010.**
- **Three are not allowed to disclose their 2010 revenues but are growing ‘significantly.’**
- **Two report 2010 sales of over \$500,000.**
- **Two report 2010 sales of over \$1,000,000.**
- **Two companies have been acquired.**
- **Thirteen of the companies are still located on the North Shore and expect to grow their business headquarters in this region of Massachusetts.**

KEY FINDINGS

The interviews with companies were open ended, revealing and very supportive of the Competition. Several themes emerged from these conversations that are important to summarize and understand:

1. Entering the Business Plan Competition was an important if not a critical and crucial step for each of the companies interviewed.

Every company found tremendous value in the process of putting together a business plan, the rigor of the thinking that this process entailed, and the feedback from the review teams and judges. Several winners said they would not be in business today were it not for the competition. The following comments underscore this importance:

“Winning the Business Plan Competition gives you instant credibility and legitimacy and opens doors. We now have relationships with banks and other funders and this would not have been possible without the Business Plan Competition.” Heather Ashton, CEO, Ashton Industries

“Winning proved to be absolutely critical for us. It allowed us to go to (funders) and show them that the company was... a viable business because it has been vetted and approved by outside experts.” Doug Bates, Chief Business Officer, Apredica

“The effort required for the competition which forced us to focus our thinking and work, was very valuable to us.” Phil Holberton, CEO, Differential Proteomics

“The constructive feedback we received, as a result of our participation in the Business Plan Competition was invaluable in helping us craft our ‘final plan’ with a higher level of quality and clarity.” Lane Nielson, CEO, EcoCentric Resources

KEY FINDINGS (Con'd)

“If we had not won the competition, there would be no Glymetrix. Winning gave us a boost, put some wind in our sales and helped us financially as well.” Tom Hunter, President, Glymetrix

“We entered the North of Boston Business Plan Competition to force ourselves to improve our business plan and make it as strong and persuasive as possible to obtain outside funding. Winning first prize gave us an enormous ‘boost’, helped us get organized and has been ‘crucial to our success ever since.’”
Pavel Menn, CEO, MOST Corporation

The financial prize monies awarded to winners are small and were not the primary incentive for participating companies. However, for some winners, even a small financial prize proved to be valuable and helped them with some early stage business expenses.

2. The competition is one of a very few (if not the only) Massachusetts competitions open to other than high tech companies.

The Enterprise Center, which manages and oversees the Competition, received very high marks from these companies for the support that the staff and its Executive Director have given and continue to give them. Several of the companies started at the Enterprise Center and have attended CEO group meetings, seminars and forums and stated that they benefit from all.

3. Winning companies are staying and expanding on the North Shore

While Massachusetts has a number of business plan competitions—Worcester Polytechnic Institute, MIT and Boston University to name a few—most are only open to technology companies. The North of Boston Business Plan Competition is unique in that all types of companies can apply: technology, consumer products and retail companies, plus start up and early-stage companies, companies that are in the research stage, those that manufacture their products and companies that distribute products on-line as well as in stores. This variety plays a very critical role for non-technology companies that often do not have access to the kind of business plan review, critique and attention that the Competition provides.

4. The Enterprise Center at Salem State University adds value.

Winning the competition is providing to have a major economic development impact on the North Shore. Of the 14 companies interviewed, 13 of them began their business on the North Shore, and of those that have not been acquired by a larger company ALL are expanding in the region and expect to stay here, creating jobs and revenues. They are pleased to be doing business in this region, get business support here and are becoming contributors to the regional economy.

THE MISSING INGREDIENT

The one consistent comment made by each of the companies interviewed, was disappointment that there was no local/regional venture capital group available to help them obtain funding and capital. The companies interviewed expressed interest in having the Enterprise Center create a North Shore venture capital group to which they could turn and present their business plans for funding.

SUMMARY

The North of Boston Business Plan Competition is an important economic development venue for the North Shore. It plays a critical role in helping young companies succeed and in providing the area with a valuable resource to identify and support the growth companies that may become important contributors to the regional economy. The full report includes this overview, plus a summary sheet on each of the companies interviewed. Summaries look at where the company was at its founding, where it is at the end of 2010, and the impact and outcomes of being chosen a winner of the North of Boston Business Plan Competition.

Moulton Consulting specializes in economic development consulting, working with companies, educational institutions and governments to grow the Massachusetts economy.

Company: Apredica, LLC.

Location: Cambridge, MA
Year Founded: 2006
Employees: 1.5
\$ Revenue: 0 – Start Up

Winner of Competition: 2006, 1st Prize

2010 Data

Location: Watertown, MA and London, UK
Employees: 8
\$ Revenue: 2009 was \$1.7 million
Cannot disclose 2010 revenues due to acquisition

Apredica LLC. (Acquired by Cyprotex in August, 2010 for about \$4.28 million in cash and stocks) is a contract research organization (CRO) focused on pre-clinical biotechnology research, specializing in preclinical ADME Tox, which is part of the drug-development process. With this acquisition, Apredica – now Cyprotex - has become the world's largest CRO specializing in ADME-tox.

Apredica was founded in 2006 with a staff of 1.5 people. One of its founders, Katya Tsaion, CEO, thought there was a market to create a service company in her specific area of expertise. Apredica entered the Business Plan Competition shortly after its founding because they believed that developing a strong business plan was a key part of their business strategy and the Competition forced them to think hard and create a focused, realistic plan.

Apredica won the business plan competition a few months before its launch. 'Winning 'proved to be absolutely critical for them. It allowed the company to go to friends and family and raise funding (this has always been their source of funding) and convince them that Apredica was going to be a viable business because it had been vetted and approved by outside experts. In addition, one of the former winners of the Business Plan was able to connect Apredica with one of its clients that had a small lab space in Cambridge that was available for a sublet and came with access to much of the scientific equipment Apredica needed to get started. Doug Bates, the company's Chief Business Officer said this space allowed them to actually lower their start-up costs and start their business faster than expected.

Apredica entered the market place at a good time, as demand for its specialized services was growing nicely before the recession. The difficult business climate, over the past 18 months, has actually worked to their advantage. While the pharmaceutical sector is reasonably recession-proof, drug companies were facing frozen capital markets and many of them decided it was more cost effective to outsource their service needs (to Apredica) rather than build their own internal testing capabilities.

By 2008 Apredica had gained market acceptance. "It was as if companies thought 'well, they are still alive so they must be good'" says Doug Bates "and it suddenly became much easier to sell our services." In January, 2010, Apredica opened a sales office in London. In August, 2010, the company bought the equipment and intellectual property of a competitor, a few days before being acquired themselves by Cyprotex.

Bates says the Business Plan Competition was critical to their success. "Without it, we probably would not have the business we have today" Bates added. "Ours is not the kind of company that venture capitalists like to support because we don't have intellectual property and we are not that scalable. So the Business Plan funding, credibility and visibility was critical to our success."

Apredica continues to support the Enterprise Center. For the 2010 competition, Apredica was the first prior winner to become a financial sponsor of the competition and Bates was the first prior "winner" to become a judge.

Company: Ashton Industries

Location: Topsfield, MA

Year Founded: 2003

Employees: 0

\$ Revenue: NA

Winner of Competition: 2009, 2nd Prize

2010 Data

Location: Topsfield, MA

Employees: 1 FT, 7 PT/contractors

\$ Revenue: \$62,400

Ashton Industries is a seven-year old manufacturing company that sells its products to the retail and medical industries, through a network of independent sales representatives throughout the US.

The company's first and only product, Arch Angels®, is an arch support system that is designed specifically to address the special needs of children's growing feet.

Ashton Industries spent its first five years in an R&D phase, developing its product, understanding the market place and creating a business plan. The company considered itself 'fully launched' in 2008 and had revenues of \$9000.

Now, two years later, the company has 1 full-time and 9 part-time employees and expects its sales to reach \$62,400 by the end of 2010. Ashton Industries is selling nationally, has increased its retail store presence to more than 100 stores across the US and has grown its on-line presence. The original market for Arch Angels®, was the retail sector, but the company added the medical sector to its business plan after gaining a foothold in that market, and it now accounts for 30% of its market and is growing quickly. In addition, the company is selling in Russia and Canada and is working on several business opportunities to expand into the UK and Czechoslovakia. Ashton Industries has been self financed since its beginnings.

Ashton Industries was encouraged by the Small Business Development Center to enter the Business Plan competition. CEO Heather Ashton Manolian developed their business plan with SBDC help and found this was critical to the company's success. As Ashton Manolian said 'When you put a business plan on paper, it becomes real... and true which is enormously gratifying.'

Winning the Business Plan Competition has helped Ashton Industries increase its revenues, receive recognition from peers, create new partnerships, expand its geographical footprint and further develop a new business market – the medical sector – which they had given less attention to previously.

"Winning the Business Plan gives you instant credibility and legitimacy and opens doors. We have started to create relationships with several local banks, now have an office and our sales continue to grow" says CEO Heather Ashton Manolian. "This would not have been possible without the Business Plan Competition."

The last 18 months have been a very difficult time for Arch Angels® biggest market, says Ashton. Manolian. "The retail sector just tanked so we have been fortunate to identify the medical/health care market as a more quickly growing space for us. The medical market purchases are 'needs-based' whereas the retail market purchases are 'desire- based' and that has made a major difference in sales."

Ashton Industries expects to hit \$1 million in sales in the next 2 years, as well as launch a second product. "Five years from now is anyone's guess" says Ashton Manolian. The company is committed to staying and growing on the North Shore. *(Con'd next page)*

Company: Ashton Industries (Con'd)

The company's praise for the Business Plan Competition is heartfelt and focused. "There are not that many places you can turn to if you are growing a consumer/retail business. The majority of investors and business advisors in the Greater Boston market understand the needs of technology businesses, and help is more available to those kinds of companies. The fact that the Business Plan is open to retail and consumer-based businesses is key" added Ashton Manolian.

The company continues to participate in programs offered by both the Small Business Development Center and the Enterprise Center and feels it has benefitted enormously from each of them.

Company: Custom Medicine Pharmacenter

Location: Beverly, MA

Year Founded: 2004

Employees: 2.5

\$ Revenue: They lost \$37,000

Winner of Competition: 2005, 3rd place

2010 Data

Location: Beverly, MA

Employees: 8 -- 5 FT, 3PT

\$ Revenue: \$200,000+

Custom Medicine Pharmacenter is an independent compounding pharmacy devoted to preparing customized prescriptions and "precision medicine therapies". They work with MD's who prescribe specific and often one-of-a-kind prescriptions to meet a patient's individual needs. They also have a Nutritional Medicine Store which features an extensive line of pharmaceutical-grade nutritional and naturopathic supplements. Custom Medicine is run by a pharmacist and a business operations/development manager, and has a physical pharmacy building located in Beverly, MA.

The company entered the Business Plan competition in 2005 because they wanted to challenge themselves and hoped that the Competition judges would see the standard of excellence they wanted to create in their business. They also wanted to gain market exposure and visibility.

Custom Medicine Pharmacenter has grown in each of the past five years. In addition to building and operating their store, they have created a new nutrition counseling service, are consulting to pharmaceutical companies to help them with their drug discovery process and are using their high grade compounds, with the finest ingredients, to help create a pharmacy-grade cosmetics business. They have also expanded to serve the New Hampshire market. They feel they are building a successful business with a consistent product and a growing reputation, and are on target to meet their financial goals.

Their biggest business challenge has been how best to market to Doctors, who are their ultimate 'consumers'. Doctors need to be aware of what Custom Medicine can offer, to then write prescriptions for their patients. "Doctors don't know that they and their patients need us" says Mary Beckman, Director of Marketing and Education at Custom Medicine. "We are not part of their everyday prescribing habits and need to constantly educate them about who we are and why we can be helpful to them and their patients." (*Con'd next page*)

Company: Custom Medicine Pharmacenter (con'd)

The difficult business climate of '08 and '09 created some problems for the company. While business was strong in '08, by '09 and '10 business was down. As patients lose their jobs, they lose their insurance coverage, their co-pays are higher and they go to Doctors less frequently. Their Doctor referral business decreased by about 10% in 2010 but is now leveling out.

Custom Medicine Pharmacenter continues to focus on grow. They feel there is growing awareness of them, in various specialty markets, consumers are learning about them and telling their Doctors about them and they are positive about their future. "It took us several years longer than we expected but we are optimistic about the future" Beckman said.

Company: Differential Proteomics

Location: Beverly, MA
Year Founded: 2006
Employees: 2 employees
\$ Revenue:

Winner of Competition 2008, 1st Prize

2010 Data
Location: Beverly, MA
Employees: 6 employees
\$ Revenue: \$600,000

Differential Proteomics is a four-year old biotechnology company located in Beverly, MA.

The company is working on unlocking the potential of proteomics for commercial use in drug discovery, clinical development and patient management. The company's patented breakthrough technology identifies protein differences between healthy and diseased samples and generates re-agents to detect and quantify those differently expressed proteins. The company is in the early stages of development and several years away from having its product on the market.

Differential Proteomics was started in 2006 and won 1st prize in the Business Plan Competition in 2008.

Differential Proteomics had two employees in 2006 but has grown to 6 employees as of October 2010, which includes 4 full-time and 2 part-time employees. Revenues have also continued to grow. In 2007 the company's revenues were \$172,000; in 2008 \$340,000 and, for the first nine months of 2010, are approximately \$600,000. Their funding is entirely supported by the National Institute of Health and they are half way through a 3-year \$1.2 million grant to continue their product development.

Their President, Phil Holberton, said he entered the North of Boston Business Plan Competition in order to focus on developing a commercialization strategy for the company. "We used the competition to help us get a Phase 2 NIH grant, which required a well- thought out strategy that we had not put in place before. We are continuing to use the business plan in our work today. The effort required for the competition, which forced us to focus our thinking and work, was very valuable to us. It was the process rather than the financial award that was so important".

Company: Differential Proteomics (Con'd)

Winning the business plan competition has given Differential Proteomics direct credibility in the North Shore region. When they approach banks, realtors, and city officials and mention that they were a winner, they notice that these groups view them more seriously.

Developing new research technologies is a long-term process and it takes many years for the product to come to market. Holberton says his biggest challenge is balancing the financial resources needed to get the work done. While the past 18 months have been challenging, the business recession actually gave him access to a more talented group of scientists than might have been possible in years before.

Holberton hopes to have a partnership in place in the next 1-3 years and a research kit on the market. "Once we reach that stage, we will have many more options open to us."

Company: EcoCentric Resources, Inc.

Location: Salem MA

Year Founded: 2008

Employees: 1

\$ Revenue: 0

Winner of Competition: 2010, 3rd prize

2010 Data

Employees: 3 fulltime; 10 part time

\$ Revenue: 0

EcoCentric Resources is a startup consumer products company that sells environmentally responsible products made with 'authentic natural ingredient' directly to consumers, on-line, under the brand name "TOPIA."

The company's mission is to "provide consumers with convenient access to a broad range of products for home and personal use, which are effective, promote and healthy lifestyle and reduce their carbon footprint." EcoCentric resources is based at the Enterprise Center at Salem State University, Salem MA.

The company's products are water soluble and environmentally sound. Customers will receive the products in EcoCentric's containers and then simply add water, shake and use. The first set of products will be household cleaning goods, including spray cleaners, and laundry and dish detergents.

According to senior management, the company expects to have its financing in place shortly, with household products available, on-line, by the end of the first quarter, 2011. By 2015 they plan to expand into the baby products as well as personal care products. The company will not distribute its products through retail outlets but, instead, will focus completely on on-line marketing, advertising and sales.

EcoCentric Resources entered the Business Plan Competition because they knew they needed to create a business plan, focus on what they wanted to do and get validation from business experts on their 'proof of concept.' Winning third prize in the competition validated their proof of concept as well as the quality of their business plan, and gave them business credibility.

EcoCentric corporate office, as well as sales, marketing and all support functions will be headquartered in Salem, MA. Manufacturing will be done on a contract basis in Minnesota. Management expects to add five more people in Salem over the next 12 months.

CEO, Lane Nielsen "the constructive feedback we received, as a result of our participation in the Business Plan Competition was invaluable in helping us craft our "final plan" with a higher level of clarity and quality. Our third place finish in the competition also helped us validate the strength of our idea."

Company: Enterprise Homes Tanzania

Location: Salem, MA

Year Founded: 2004

Employees: 1

\$ Revenue: 0

Winner of Competition: 2008, 3rd prize

2010 Data

Location: Salem, MA

Employees: 1

\$ Revenue: 0

Enterprise Homes Tanzania was established in 2004 with the goal of financing and building 5,000 affordable houses in Tanzania, to overcome the chronic shortage of affordable housing in the country and to “provide the option of long term mortgages to Tanzanians.” Enterprise Homes started by purchasing the land to build 45 homes.

The land placed under option is being bought from the family trust of a Tanzanian investor in Enterprise Homes Tanzania. The investor himself is a 40+ year old engineering professional in Dar es Salaam, one of six members of Serengeti Capital. The investor’s father is the former Minister of Minerals and Energy for the Republic of Tanzania.

After two years under the signed option agreement, and within months after winning 3rd prize, the family trust decided the purchase price and terms were no longer sufficient. Demanding more money in cash, the former Minister froze the process at the Land Registry. Financing cannot occur on unregistered land.

By coincidence, the former Minister is under a Government corruption trial presently for an \$8,000,000 embezzlement.

Thanks to the protection of the US Government through the Overseas Private Investment Corporation pursuant to a contract signed with Enterprise Homes, LLC (the American partner) for Political Risk in 2006, a claim for threat of expropriation has brought sunlight to the litigation. We are assured the due diligence of law in Tanzania by the US Government, and will be returned our entire investment if the law is not properly adjudicated. This insurance contract was critical to raising an angel round of investment in April 2010 to fund legal fees.

The Court process began in June of 2010 and is moving towards mediation. Kyle McKinney will be in Commercial Court in Dar es Salaam, Tanzania for a hearing on November 15, 2010.

CEO Kyle McKinney entered the Business Plan Competition in 2008 for many reasons. One was to give the Tanzanian investors comfort that the business plan and the American way of building housing can succeed in Tanzania.

McKinney says the business plan competition was critical to his work. He has stayed in touch with several of the judges, whose advice and experience have also been helpful for him and he has also kept in touch with Christine Sullivan, Director of the Enterprise Center and attended many of the Center workshops offered.

The home building plan is on hold, pending the outcome of the litigation, but McKinney remains certain that justice will prevail and Enterprise Homes will be able to move forward with its dream and business plan.

Company: Flavrz Beverage Corporation

Location: Gloucester, MA

Year Founded: 2009

Employees: 1

\$ Revenue: \$50,000

Winner of Competition: 2008, 2nd prize

2010

Location: Gloucester, MA

Employees: 5 of which 2 are part time

\$ Revenue: Confidential

The Flavrz Beverage Corporation was started by Karen Barth, a mother/entrepreneur in 2009 who was looking to find a healthier fruit drink to give to her children. Barth began to make drinks in her kitchen with all natural materials and sweeteners, and soon realized that others thought her product was excellent and wanted to buy it. So Barth decided to create her own company, Flavrz Beverage Corporation. Today, two years after founding the company, Flavrz Beverage Corporation produces and sells organic drink mixes made from fruit concentrates, flavorings and extracts, sweetened with agave, that are available both in stores and on line, in Massachusetts and 15 other states in the US. In its second year, the company tripled its revenues in one of the most difficult business climates ever.

Founder and CEO Karen Barth entered the Business Plan Competition to gain visibility, credibility and access to capital markets. The most immediate benefit of winning the Business Plan Competition was direct exposure for her business and an introduction to a marketing consultant who has played a critical role in the company ever since.

Barth explains that the food industry is a very tough place to do business and succeed. There are brokers and middlemen, and large distributors who work in different markets at different levels, and penetrating this industry requires hard work, persistence and a long timeline, in addition to having a unique and strong product. The past 18 months have been 'a terrible time' Barth says and the premier food products business has clearly slowed down. Despite this, Flavrz Beverage Corporation continues to move forward, expand and show success and Barth believes will continue to grow.

The Business Plan Competition was the only competition Barth was aware of and was delighted that it was open to consumer products companies such as her own. Many such competitions are open to technology companies only, and the ability to have her business plan critiqued by business professionals and gain public visibility was key to her business success.

Barth has been very busy and has not stayed in as much contact with the Enterprise Center as she would have liked. But she expects to stay and grow on the North Shore as well as expand her Flavrz products. "We are in this for the long run" Barth says "and will continue to grow and succeed."

Company: Glymetrix

Location: Salem
Year Founded: 2007
Employees: 1
\$ Revenue: 0

Winner of Competition: 2009, 1st prize

2010 Data

Location: Salem
Employees: 1 FT, 3 PT
\$ Revenue: 0 or \$40,000

Glymetrix provides innovative strategies to motivate patients to use better diabetes management through the use of patient rewards and incentives. This includes a game-based interface to engage patients with the sophisticated data model at the core of the system.

Glymetrix was started in 2007 by Tom Hunter, its President. Hunter entered the business plan in 2009 because he knew that the process of putting together a business plan would help him better define the company's markets and product and give it more visibility and recognition. Hunter admits that he spent 3 to 4 weeks working on his business plan submission but that it was "totally worth it".

Hunter says entering the competition was critical for the company. It made him focus on creating the business plan which helped them better define their competition, and they are still using the thinking they put into the business plan 18 months later. "If we had not won the competition, there would be no Glymetrix. Winning gave us a boost, put some wind in our sails and helped us financially as well" Hunter adds. Since winning, the company has raised \$150,000. They have fully developed their product and are now in the market place. None of this would have been possible without winning.

The past 18 months have been a difficult time for Glymetrix. Before the economy 'tanked' Hunter says they could have made sales based on the product's vision; but over the past 18 months people have wanted to see the final product not just its vision. Hunter has now developed the product, he expects to make several sales this year and is looking for more investment to move them forward.

Hunter says the on-going support from the Enterprise Center has also been very helpful to them. The CEO groups in particular were helpful to him as well as their various program offerings. He is supportive of the Enterprise Center and feels their programs have both been growing and improving.

Company: Halcyon Diagnostics

Location: Rowley, MA

Year Founded: 2009

Employees: 2 PT

\$ Revenue: 0

Winner of Competition: 2009, 3rd place

2010 Data

Location: Rowley, MA

Employees: 2 PT

\$ Revenue: 0

Halcyon Diagnostics is a personalized medicine company focused on developing and commercializing a tumor profiling test suite to aid in matching refractory cancer patients to clinical trials of targeted therapeutics, from which they may benefit the most, based on their specific disease biology. Halcyon's goal is to "Match the Right Patient to the Right Trials"™.

Halcyon's founder, who presently runs his own biotech consulting firm, saw a need for this novel product/service and, with several partners, founded the company in 2009. They entered the Business Plan competition to gain credibility as a company which they knew would be important for them to attract the quality advisory board and staff they needed. The financial prize was also important to them and their prize proceeds were used to formally/legally incorporate the company. They also received valuable feedback on their business plan from the Competition's judges.

Winning 3rd prize brought them some of the results they were hoping for. Since winning, the company has attracted high quality members to serve on its Business and Scientific Advisory Board, formally incorporated as a company, filed for a federal research grant and refined their business strategy. The company is also in the process of identifying venture capitalists and angel interested in leading/participating in a \$6-\$8 million Series A investment, and may push for a seed round of financing for \$2 million.

Halcyon Diagnostics entered into a very difficult business environment. The recession of '08-'09 changed the investment behaviors of existing institutional investors and potential corporate partners. These investors and companies had less money to spend, were/are more 'risk adverse' and are looking for 'revenue stage companies' rather than early stage research companies like Halcyon. However, Halcyon. However, the company has received very positive feedback on its vision and strategy from the investors and companies it has approached to date.

The simple problem is finding the start-up money they need. The CEO expects to have a financial commitment in place by the end of 2010, will then formally 'launch' the company in January 2011 and bring their product to market within 20 months after that, or late 2012. Within the next five years they expect to establish themselves as the market leader in their space, become profitable and well on their way to capturing their target market.

"In thinking back over the past year, in terms of where we were when we entered the Business Plan competition and where we are now" says CEO James G. Cullem "we have done a great deal. Winning the plan was critical in establishing our credibility and viability."

Cullem has suggested that the Enterprise Center identify a group of private and angel investors, on the North Shore or elsewhere, or create an Essex County Venture Group and then make introduction for winners of the Business Plan Competition. Preferred introductions to such locally-interested investors, as a Business Plan Competition winner, would be extremely helpful in securing the early-stage funding that is required to build a start-up venture and create jobs on the North Shore" Cullem added. "We would certainly enter the Business Plan competition all over again and are so glad we did" Cullem concluded.

Company: Local Ginger

Location: Newburyport, MA

Year Founded: 2009

Employees: 2

\$ Revenue: Confidential

Winner of Competition: 2010, 1st Place

2010 Data

Location: Newburyport, MA

Employees: 7-8

\$ Revenue: Proprietary but 90% increase from Q1 to Q3, 2010

Local Ginger is an on-line retail and advertising company that works with the concept of 'flash-sales location-based marketing'. Local Ginger works with area merchants and allows them to advertise their goods and services at major discounts for consumers. Consumers then log onto the site and take advantage of daily discounts in areas such as food, dining, and entertainment.

The company began in early 2009, won 1st prize in the Business plan Competition in the spring of 2010 and was acquired by WhereInc, in late September 2010.

Local Ginger entered the Business Plan Competition because they wanted exposure to the consumer, business and investor communities. The small size of a possible financial prize was not an incentive but they were encouraged by a friend to enter the competition. They received very good PR after winning but after about 3 weeks, public attention faded.

The company has continued to build its business, although expanding with very limited capital has been a real challenge to them. Despite this they grew 90% in two quarters. Local Ginger expanded their reach to a city in both Connecticut and Illinois and their Massachusetts business has continued to grow. At the time of the business plan competition they were getting 5000 hits/month to their website. Right before they were acquired this had doubled to 10,000 hits/month. At that point Local Ginger knew they had to find a strategic partners for an acquisition.

Their acquisition by WhereInc. has been very positive and both CEO Arik Keller and VP of Sales Scott MacAllister are continuing to play a major role in the new company. Keller believes the company will grow and be successful in the next two years. When asked where he saw himself being in 5 years, Keller responded "maybe I will start another business?" Of all the business plan competition winners interviewed, Local Ginger has had the fastest time to acquisition, faster than its founders had imagined.

Company: MOST Corporation

Location: Salem, MA

Year Founded: 2007

Employees: 2

\$ Revenue: 0

Winner of Competition: 2007, 1ST Prize

2010 Data

Location: Salem MA

Employees: 10

\$ Revenue: Close to \$1,000,000

MOST Corporation is a technology company that develops, manufactures and markets a variety of technology products. From 2007 to 2010 MOST developed two divisions: MOSTMED, Inc and EndoDynamix, Inc.

MOSTMED, Inc. has created a state-of-the-art modern automated manufacturing factory that uses new innovative proprietary technologies, combined with flexible and modular automation, to support competitive manufacturing in the US. EndoDynamix, Inc. is developing a new generation of proprietary instrumentation for use in minimally invasive surgery (MIS) that reduces the costs of many medical procedures with enormous benefits for patients.

MOST Corp. was founded with a staff of two, and was and still is totally funded by family and friends. Today the company employs 10 people and is poised for an explosive growth in 2011 despite a very difficult business climate.

The founders of MOST Corp. entered the North of Boston Business Plan Competition in 2007, to force themselves to improve their business plan and make it as strong and persuasive as possible to obtain outside funding. Winning first prize gave them an enormous 'boost', helped them get organized and has been 'crucial to their success ever since.' Soon after winning the Business Plan Competition, the company realized that their technology, which was designed to meet manufacturing needs in the healthcare field, could also be useful to the US Department of Defense. The company expects to generate annual revenues in 2011 well in excess of \$1 million and has recruited skilled engineering students, from various Massachusetts colleges and universities, whom they have now trained to transfer state of the art technology and create new products.

Launching the business in 2008 was difficult, because it was at the very height of the recession and money was very hard to come by. "If we had been fortunate enough to raise funding from the venture community or the well publicized "economic stimulus", we would have no problems creating hundreds of self sustaining jobs" says the CEO Pavel Menn. "It was however, disheartening to learn that regardless of the enormous amount of money that has been made available, we could not find a loan to help us" Menn added. "For a company that creates self-sustaining jobs, reduces cost of healthcare and creates new innovative technologies, this was totally frustrating.

Despite these challenges, CEO Menn believes that recessions can be helpful, in ways that are not always anticipated. "Recessions are to business what winter is to nature" Menn says. "They weed out the poor performers, kill the 'bugs' and, like melting snow, give water for new trees. "In our case, the recession created opportunities, and we were able to find a fabulously skilled workforce and obtain equipment for less, thanks to tax deductions for capital equipment that were in place. This could have been more challenging in a robust business climate." *(Con'd next page)*

Company: MOST Corporation (Con'd)

CEO Menn is enormously positive about the company's future. In the next five years he believes his company will grow dramatically, will add 100s of employees and will undertake all of its expansion on the North Shore. He is grateful for the support that Christine Sullivan and the Enterprise Center have given him. "The Enterprise Center has been absolutely critical to our success. We have been able to find high quality, well maintained space with inexpensive rent; we have been involved with and benefited from the CEO groups and I have received constant useful advice and encouragement from Sullivan" Menn says. "This has been a very positive place and business environment for us. Our revenues have grown, we have expanded our business markets, our products have been tested and used in the US as well as Norway and Middle East, we have created a state of the art manufacturing facility, and we have received exposure to and recognition by others in the health care space."

CEO Menn wants to stay active within the Enterprise Center and give back as much as he can. "We are creating competitive winning products that will contribute to significant reduction of costs in many health care procedures and will create 100's and hopefully 1000's of jobs that will stay here, in Massachusetts. We are very excited about the future."

Company: SemiNex

Location: Peabody, MA
Year Founded: 2003
Employees: 2
\$ Revenue: \$20,000

Winner of Competition: 2005 First Place

2010 Data

Location: Peabody, MA
Employees: 8
\$ Revenue: Proprietary but increased significantly

SemiNex Corp. is a seven year-old high technology company, located in Peabody MA that has developed a super high powered semiconductor laser whose performance is dramatically more effective than current lasers on the market. SemiNex is currently marketing and distributing its products into three distinct and growing markets: the defense industry, the medical field and the home products business. SemiNex won first prize in the 2005 Business Plan Competition.

SemiNex has seen rapid growth in all areas of its business over the last 5 years. While its financials are proprietary information, the company has grown 10 fold since 2003 and expects to double or triple its revenues every year, for the next three to four years. The company began with two employees and now has eight: four of which are full-time and four part-time. They are committed to staying and growing in Essex County, ideally within a 5 mile radius of Peabody and while they could not specify specific future employment numbers believe their employment will continue to grow "nicely".

CEO David Bean, is a soft spoken man with total determination. As he says "Failure has never been an option for us; I am committed to succeeding and we are well on our way."

Bean entered the Business Plan Competition primarily to gain some visibility and PR. The company had already developed its business plan and hoped that the publicity from winning would help them identify venture and other financing opportunities. This did not happen immediately and Bean said this process took two years longer than he had anticipated. One of his twelve investors came to him as a result of winning the Business Plan competition
(Con'd next page)

Company: SemiNex (Con'd)

Bean's major business challenge has been how to focus on and get substantial 'market traction' in the three large markets the company is targeting, rather than small, incremental penetration into each market. He has done that. Managing the ups and downs of cash flow has also been a challenge, particularly in the difficult economic climate of late 2008-2010. SemiNex had qualified their product with a number of emerging markets but the economic downturn meant that their growth was not as robust as planned.

Bean is very positive about the future. His product is strong, his markets diverse and growing, and he is committed to staying on the North Shore. Winning the Business Plan was a very positive step in his company's growth.

Company: Solar Sheds

Location: Lowell, MA

Year Founded: 2009

Employees: 0 – 3 founders only

\$ Revenue: 0

Winner of Competition: 2010, 2nd prize

2010

Location: Lowell, MA

Employees: 0

\$ Revenue: 0

Solar Sheds is an industrial products company that is making a support product to be used in the photovoltaic industry, more specifically in the installation of solar panels on roofs and other flat surfaces. To date the company has not created or sold any products but the founders are continuing to move the business forward.

Solar Sheds entered the Business Plan Competition to get some exposure for their business concept and identify potential sources of funding and investment for their business. They had developed their business plan pre-entry but made some changes in preparation for the Competition.

Winning second prize gave them some momentary public visibility but did not help them identify funding sources. As one of their founders, Frank Harrington said "we came to the capital markets for the solar sector about 6-12 months too late and hit the wall on funding. This is a rapidly changing field and new technologies come along every day."

Despite these realities they are moving forward, hope to raise money and ideally would like to see their first product manufactured and on the market by 2012. They have seen more competitors of theirs enter the market which is a mixed blessing: it adds credibility to their business but also creates more competition. "That's what entrepreneurship is" added Harrington. "You do your best and then see where it falls out."

Harrington says the founders have put in \$50,000 of their own money and have decided not to put any more. They are still looking for an outside investment of about \$500,000. Harrington still considers the company a start up and the founders are moving forward, and they may or may not make it.

Company: Speech Therapy Group, LLC

Location: Beverly, MA

Year Founded: 2004

Employees: 3

\$ Revenue: \$60,000

Winner of Competition: 1st Prize, 2006

2010

Location: Peabody, MA

Employees: 12

\$ Revenue: \$775,000

Speech Therapy Group LLC is a six year-old health care company located in Beverly MA.

The mission of Speech Therapy Group, LLC is to maximize communication skills and swallowing, regardless of limitations, across an individual's life span. Speech therapy addresses a variety of disorders, including but not limited to articulation, voice disorders, stuttering, receptive and expressive language disorders, augmentative and alternative communication, cognitive linguistic disorders, aphasia, apraxia and communication disorders related to autism and dysphagia/feeding problems caused by cancer or varying neurological problems.

Speech Therapy Group was started in 2004 and won 1st prize in the Business Plan competition in 2006.

The company had 3 employees in 2004 and today has 12 employees: 6 full-time and 6 part-time. They expect to have 50 employees in the next few years. Their revenues have also continued to grow: in 2004 they were \$60,000 and now expect to reach \$775,000 by the end of 2010.

The company has grown dramatically since it won the Business Plan competition. They received a \$75,000 loan from the Danvers Bank and have found an Angel investor who will invest \$2.5 million into the company this year. They want to take the company public in 2011 and begin franchising it, across Massachusetts and the country in 5 years. They are buying a building in the next few months and will move their office from Beverly to Peabody, MA.

The CEO, Melanie Giles, said she entered the Business Plan competition because of the rigors of the process. "We entered because we knew we had to develop a real business plan and the Competition forced us to do just that. We have had extraordinary success since we won: our revenue has grown, we have greater recognition by our peers, we have built better relationships, expanded our business market and obtained outside financing. We have also added two new services that we had not foreseen before: physical therapy and occupational therapy. We have been on a terrific growth curve that came out of the work we did to win the Business Plan competition."

Speech Therapy Group is facing business challenges. The poor economy has meant that many people simply cannot afford their services and are not seeking their help. But the real problem has come from health insurance companies. With the advent of federal health care reform, Speech Therapy Group is working harder and harder to get health insurance companies to pay for their services. Insurance companies in general are making this very difficult.

Despite these challenges, Giles is very upbeat about the future. "We have found a business need, we have the expertise, we have now found a major outside investor and are very optimistic about the future."