The Seniors’ Choice:
Go Corporate or Start Your Own Company?

by Jack Groetzinger D’07

“Should I get a corporate job or start a company?” It’s a decision that preoccupies dozens of Dartmouth seniors every year. Three years ago, I was one such senior. Ultimately, I wanted to spend my career as an entrepreneur. I dreamed of doing a web startup. But it seemed like an act of reckless arrogance to forgo the chance to get career experience at some of the most sought-after entry level jobs in the country. I was torn.

The fall of my senior year, corporate recruiting induced a mild hysteria among my class. Over the span of a few months, top firms descended on Hanover to interview Dartmouth students. Classmates who had never before expressed interest in investment banking or consulting suddenly acted as if such jobs were the singular gateway to a prosperous life. I figured I’d submit my resume to keep my options open, but was quickly swept up in the competitive frenzy. The corporate recruiting process is, in many ways, reminiscent of the college applications process. Just as it’s hard for a high school senior to turn down an offer from Dartmouth or Harvard, it’s hard for a college senior to turn down an offer from McKinsey or Goldman.

In the end, I caved. I took a job at Bain & Company and worked in their Boston office for a year before leaving and founding a web startup—the fate I’d wanted all along. I currently serve as the Co-CEO of SeatGeek, a web application that provides price forecasts and analytics for the secondary market for sports and concert tickets (i.e. resold tickets). We’re trying to bring transparency to the $15B secondary ticket market which, till now, has been opaque and inefficient.
I am frequently contacted by current Dartmouth students and recent grads struggling with the same sorts of decisions—should I take the safe corporate route or strike out on my own? Should I leave my cushy job for the thrill of a startup? There are no easy answers; I think the choice usually boils down to a person’s tolerance for (or enjoyment of) risk. With that said, there are a few things I’d consider if I could rewind three years and start over:

**Don’t do a startup for the money.** If your primary objective is to get rich, your best bet is to take a safe corporate career path. The much publicized high failure rate among startups means that wealth is far from certain for entrepreneurs. This is particularly true for tech startups, like SeatGeek.

**Doing a startup means striking all balance from your life.** The highs are higher and the lows are lower than anything I experienced in the corporate world. I’ve dropped nearly all hobbies for SeatGeek. I’ve lost touch with friends. If you want to have a well-balanced life, don’t even consider doing a startup.

**If you’re doing a tech startup, you have to be willing to learn to code.** Business-minded folks who want to do a tech startup often try to find a technical co-founder to do all the coding. I think that’s a mistake, particularly for young, scrappy entrepreneurs who don’t have lots of capital or decades of business experience. The success of tech startups is tied to the company’s product, so it’s important that the founders have a hand in crafting it. Learning to code is easier than most think; my co-founder (Russ D’Souza ’07) taught himself in less than six months.

**The best way to learn how to be an entrepreneur is to be an entrepreneur.** I figured I’d be better prepared to run my own company if I first soaked up knowledge at Bain. That was misguided—I learned a lot at Bain, but much of it does not apply to the startup world. I would have been better prepared to start a company if I’d spent my first year out of college working in the startup world.

I won’t be returning to a big company anytime soon—I prefer sailing my own ship—but I realize the over-taxing lifestyle isn’t for everyone. With that said, if you’re a senior contemplating turning down an attractive job offer in order to do a startup…do it. If you think running a startup might be a blast, it probably will be. Breaking free from the corporate recruiting race takes courage—more courage than I had as a senior—but that sort of disregard for conformity means you’ll be starting out as an entrepreneur on the right foot.

SeatGeek is a web application that provides price forecasts and analytics for sports and concert tickets sold on the secondary market. SeatGeek’s price forecasts, which are over 80% accurate, enable users to buy tickets when prices are at rock-bottom. SeatGeek is also a ticket search engine, aggregating inventory from the web’s major ticket sites into one place. The site is 100% free. Try it out at www.seatgeek.com.
The DRTC is pleased to welcome its newest tenants, ACL Systems and ViewBoost, to the incubator.

ACL Systems is a unique training company that draws more than 30 years of advanced research on how the brain is built to learn to deliver knowledge based training via an easy to use, adaptive, online learning tool. The company’s software will provide training that is dynamically customized to each individual employee and leverages the enterprise-wide knowledge inherent in every organization.

ViewBoost, LLC combines social networking, navigation, and tourism to create a unique and individually-customized experience for consumers. ViewBoost provides consumers with information about their communities and travel destinations, while also enabling them to connect with one another. ViewBoost is positioned to be the company to connect people and places in an engaging, interactive, and entertaining way.

Learn more at www.thedrtc.com/companies.html

The DRTC provides flexible wet-lab, light manufacturing, and office space, education, strategic advice, shared services and networking to financial and business resources. A 35,000 SF expansion project is now underway.
Having spent the winter and spring semesters developing their business ideas in Tuck’s Intro to E-Ship class, several students voluntarily subjected themselves to the E-Ship Club’s “Gauntlet” events, wherein they pitched their ideas in a VC-like setting to fellow students, members of the PE/VC Club and to Tuck professors known for their... Well frankness. The first Gauntlet event featured Professor Paul Argenti, who was asked to participate by members of the Club who’d had him for AGM in the fall and remembered fondly his decidedly non-paternalistic method of teaching. Whereas undergrad professors may have tried to find a kernel of correctness, perhaps, in a student’s paroxysmal attempt to answer a challenging question, Professor Argenti was famous for shutting people down who’d merely uttered an incorrect introductory word or two. He was the Grand Inquisitor of the first year class, striking terror in those who’d failed to prepare sufficiently. His class was a rude awakening, but a clear and ultimately helpful signal to first-years that they weren’t in Kansas anymore. Perfect for the Gauntlet. The second Gauntlet featured Professor Andy King, who had perhaps a less infamous tongue, but had become a T’11 favorite for his active and engaging teaching style.

Neither special guest disappointed. After each presentation, while the budding entrepreneurs left the stage with a few pints less blood and perhaps a limb or two fewer, those who survived report having found the experience extremely valuable. As Professor Fairbrothers taught us in Intro to E-Ship, if you’re going to make mistakes, make them big and make them early. Far better to be sliced and diced by an unplugged professor in the safety of the Tuck womb than to be tarred and feathered by a VC a year later, when the money is real and the stakes are high.

These two events were followed by the phenomenally successful “Burrito Wars,” wherein two dueling burrito entrepreneurs duked it out in Cohen Great Hall. This was the Club’s most popular event of the year, attracting over 100 attendees. Both John Pepper D’91, T’97 (CEO of boloco) and Mike Adair T’09 (CEO of Red’s All Natural Burritos) generously provided samples of their burritos to the crowd, before engaging in a back and forth about their...
experiences before, during, and after Tuck, focusing on the development of each man's company. Of course, the “war” bit was but a marketing gimmick on the part of the E-Ship Club, as in truth John — in true Tuck fashion — has been a tremendous mentor to Mike.

The year ended with the E-Ship Club co-sponsoring an event with TAABA (Tuck African Ancestry Business Association) that featured Clifton Charles D’96, the founder/CEO of an online dress shirt company CliftonCharles.com. Clifton was a finalist in the DEN’s 2009 business plan competition and has successfully launched his company. Attendees were invited to obtain their measurements after the sessions by one of “Charlie’s Angels,” who then uploaded their information to the company’s database where it will await orders for custom-made shirts.

In true entrepreneurial fashion, the Club requested quadruple its funding from the student board for 2010-2011, citing its outstanding track record this year and outlining an ambitious schedule for next year (including more Fireside Chats, “whiteboard events” wherein entrepreneurs throw ideas on the wall and see which stick, and seminars on how Tuckies can work with IP and colleagues from the medical, engineering, and graduate schools). The student board responded with its standard annual allotment, but the Club was invited to apply for additional funding next year as needed, so we’ve begun planning our full schedule anyway. And of course, the DEN has generously offered to support the Club again next year as well, so we’re deeply grateful for that.

At least four T’11s have foregone the usual summer internship route and are instead building companies this summer. We’ll have reports from them as well as synopses from students who took entrepreneurial internships, when we return in the fall. Please stay tuned.

Tuck Entrepreneurship Club will be back this Fall with more...

**Fireside Chats**

A crackling fireplace, comfortable chairs, tasty wine, and lively discussions with Tuck and Dartmouth entrepreneurs.
DEN City Chapters Have Had a Busy Spring—All 10 of Them!

What’s been going on in the Network this Spring? Here’s a sampling of DEN City Doings during the past few months. Why don’t you get connected with other Dartmouth alums by joining a DEN City Chapter near you! Learn more about DEN City events by going to DEN’s website at www.den.dartmouth.edu.

DEN DC
June 10th, 6:30 PM—8:30 PM
Speaker and Networking Night

DEN Seattle
June 9th, 6:30 PM—8:30 PM
Spring Networking Night

DEN Bay Area
May 27th, 6:00 PM—8:00 PM
Spring Networking Night in SF

DEN Boston
May 18th, 6:00 PM—9:00 PM
Spring Networking Night

DEN LA
May 11th, 8:00 PM—9:30 PM
Speaker and Networking Night

DEN LA and Caltech co-hosted a fireside chat on May 11th with Peter Murphy D’84, President of Strategy and Development at Harrah’s Entertainment.

The chat, which included a lively Q & A session, was moderated by Gregg Fairbrothers D’76

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Spring Update
(continued from previous page)

DEN AND THE CITY

DEN Chicago
May 6th, 6:00 PM—8:00 PM
Speaker and Networking Night

DEN DC
May 6th, 6:00 PM—8:30 PM
Speaker and Networking Night

DEN Ohio Launch
May 5th, 6:30 PM—8:30 PM
Speaker and Networking Night

DEN NYC
April 29th, 6:00 PM—8:30 PM
Speaker and Networking Night

DEN North Carolina
April 29th, 6:30 PM—8:30 PM
Speaker and Networking Night

DEN North Carolina
April 21st, 6:30 PM—8:30 PM
Speaker and Networking Night

DEN Boston
March 30th, 6:00 PM—9:00 PM
Entrepreneur Office Hours and Networking Night

DEN Colorado
March 25th, 6:00 PM—9:00PM
Speaker and Networking Night

DEN Seattle
March 24th, 6:00 PM—9:00 PM
Speaker and Networking Night

DEN Chicago
March 3rd, 6:00 PM—8:00 PM
Speaker and Networking Night

Several DEN Cities co-hosted Spring events with other universities such as Caltech, University of Chicago, and Princeton. Click and find out more about DEN City events at www.den.dartmouth.edu.
First DEN Leadership Meeting Convened in Chicago and Spring Speaker Series

by Kate Sackman D’82

Representatives of nearly every DEN City, including those just starting out, met together in Chicago in early May to share ideas and discuss collaboration. Gregg Fairbrothers of DEN and Kate Sackman, DEN Chicago President, hosted the all-day event, which was held at the University of Chicago campus. An afternoon brainstorming session was followed by a DEN Chicago-hosted presentation by Steven Lazarus (D’55) of ARCH Venture Partners, and then by a casual dinner at an Italian restaurant.

We agreed that our primary goal is to encourage and support the entrepreneurial activities of members of the extended Dartmouth family. The ways in which DEN chapters accomplish this range from speaker presentations, to business plan feedback – both formal and informal, and providing guidance on experts and advisors who are willing to help out entrepreneurs.

The key follow up steps include:

Survey: Each DEN City will survey its members’ needs. A standard survey is being developed by the Minneapolis DEN as a basis for this survey, which will be conducted during the summer months. Upon completion, the results will be consolidated to give us all a bird’s eye view of the demand for DEN services. National e-newsletter/Linked In: We will create a simple electronic newsletter generated by the DEN Cities, which will highlight entrepreneurial resources and events in each City. A DEN Linked In group will be the focal point for communications on an ongoing basis. A combination of people from the Ohio, Chicago, and Philadelphia DENs are coordinating startup of these activities. Business Plan Competitions: DEN cities will be encouraged to run business plan competitions in 2 tracks: Venture and Bootstrap. Cities can set up competitions for either or both, using angel investors to judge bootstrap competitions and venture investors to judge venture-ready startups. A National competition with a cash prize ($10,000+) is planned for bootstrap winners; venture winners will get to present to Silicon Valley venture investors.

DEN Chicago was delighted to host the fun and highly productive National DEN Leaders meeting on May 6, as reported above. DEN leaders flew in from all over the country for the event, and several more participated by telephone conference call. The conferencing itself was beset by technical difficulties, which made it hard for the callers to participate – we’ll do better with the call-in next time! For those who attended in person, we really enjoyed getting to know one another, exchanging ideas on our DEN clubs as well as our own business ventures.

That same evening, as part two of our Venture Series presentations this spring, we heard a presentation by Steven Lazarus D’52, co-founder of ARCH Venture Partners, a $1.5 billion fund that commercializes technology research from universities and companies around the world. Again, The Polsky Center for Entrepreneurship at the University Of Chicago Booth School of Business and the Hyde Park Angels co-hosted the event. A nice mix of professionals, entrepreneurs, and investors attended, representing both the Dartmouth and the University of Chicago communities and mingled easily during the networking hour before the event. Mr. Lazarus engaged the audience with his stories about the process and realities of bringing technology to market and answered questions at the end.

Other DEN-Chicago Venture Series gatherings are in the planning stages for 2010 and 2011, including a panel of successful young entrepreneurs planned for this fall.
DEN DC Held Diverse Spring Events  
by Katya Vert-Wong TH’02

- On June 10, DEN DC hosted a workshop with Robert Baum D’77 on “How to negotiate your best deal—and get out of a bad one.” This event included an interactive simulation (surprise for the audience), negotiations strategies, and dispute/resolutions you get into if you did not get Bob's advice on smart negotiating.

This seminar focused on techniques for successfully negotiating your best business deal. Topics included bargaining strategies, use of bottom lines (yours and theirs), when “splitting the baby” is a good and not-so-good strategy, multi-issue negotiations and different personalities in negotiations.

We also explored alternative dispute resolution techniques if your deal goes sour, including use of mediation, arbitration, use of settlement counsel and collaborative law, so that you can avoid the time and expense of litigation.

Bob Baum D’77 is a nationally recognized expert on negotiation and dispute resolution. After graduating with high honors, Bob became a VISTA volunteer and then attended Washington University School of Law from which he received his JD in 1981. Bob has worked for large law firms in Los Angeles and then Washington, D.C., and has successfully negotiated transactions from small to multi-hundred millions of dollars. During the Clinton Administration he served as chief judge of the Interior Department Office of Hearings and Appeals where he designed the highly successful mediation program, and served on the inter-agency Justice Department team to advise and develop alternative dispute resolution programs for the federal government. Bob has a negotiation and dispute resolution practice based in Rockville, Maryland. Bob has been chosen by the State of Maryland to serve as a certified facilitator for State and community disputes, in which capacity he recently participated in facilitating a large environmental/climate change conference for governmental, business and community groups.

- On May 6th, the DEN DC community enjoyed a networking evening “The Lives of DEN DC Startups” at BlackFinn American Saloon. DEN DC startups shared their lessons learned, in a relaxed environment conducive for alumni to learn what fellow classmates and other alumni have been up to in the entrepreneurial world. All enjoyed an evening of networking with entrepreneurs, VC/PE Professionals, and Professional Service Providers.

- On June 10th, DEN DC also held its annual meeting and board election.

Stay tuned for more DEN DC events and news this Fall.
Jeff Iacono D’05 and Paul Rosania D’05

Jeff and Paul have seen undergraduate recruiting from both sides of the table and knew they could make it better. Many small and medium businesses struggle to reach undergraduates due to the significant time and financial costs involved in coming to campus. Similarly, students suffer from a lack of diversity in their on-campus recruiting options. In mid-2009, Jeff and Paul launched CollegeJobConnect to address these needs and better link undergraduates to employers. CollegeJobConnect provides companies with powerful web-based tools that enable employers to quickly identify, contact, and interview ideal candidates from top-tier schools. The team received a seed investment from the Tech Wildcatters in May 2010 and was recently featured in the Dallas Morning News (article: http://bit.ly/aSWemc). Jeff and Paul are seeking forward-thinking employers to join their platform for this coming fall. For more information, please contact join@collegejobconnect.com.

Tracy Sun T’05

Tracy has spent the last five years in fashion and retail startups. After graduating from Tuck, Tracy was hired as the first non-founding executive at Brooklyn Industries, a vertical retail apparel startup based out of Brooklyn, NY. In 2007, she founded Established Today, a social e-commerce website and online fashion design community, with a few fellow Dartmouth alums. The Company was acquired in early 2010 and Tracy relocated to San Francisco where she is working on a new business venture and is active in the DEN Bay Area. She is always looking to connect with smart and passionate professionals and you can reach her at tracy.c.sun@gmail.com.

Peter Sisson T’94

Peter Sisson is a serial entrepreneur who has started four companies, ranging from an online wine business funded by Amazon and Kleiner Perkins to a voip company Teleo that was acquired by Microsoft in 2005. His latest creation is Toktumi, whose flagship product Line2 allows you to add a second line to your iPhone. Line2 was recently selected as one of Entrepreneur Magazine’s “100 Most Brilliant Ideas of 2010.”

Email sandy.rozyla@dartmouth.edu if you’d like to be included in the next DEN People Page.
Companies need to recruit top talent in order to stay competitive, and they need to do it in a way that doesn’t disrupt their core business and drain their wallet.

On campus recruiting is a great way to meet and hire talented individuals that can add immensely to any organization. However, developing a recruiting program presents many challenges: traveling to campuses is costly and time consuming; there is no guarantee of success, and connecting with candidates outside of your geographic region is challenging or impossible. CollegeJobConnect modernizes undergraduate recruiting, making it faster, easier and less costly than the traditional on-campus approach.

In mid-2009, Jeff Iacono D’05 and Paul Rosania D’05 set out on the mission of “making undergraduate recruiting better for both students and employers.” The team built CollegeJobConnect (www.collegejobconnect.com), a platform that enables small and medium sized businesses to recruit undergraduates from top tier colleges. Employers can now quickly establish or expand recruiting programs at multiple schools without costly investments of time and resources. Likewise, students gain a wide array of career opportunities at companies that previously could not reach campus.

Last year, with a limited marketing budget, the team opened up their service to Dartmouth juniors and seniors. To get the word out, the team collaborated with several extremely talented Dartmouth students to conduct on-campus guerilla marketing campaigns. After only two weeks, 15% of job seeking Dartmouth students enrolled. The team presented their venture to early stage investors and received a seed investment from the Tech Wildcatters accelerator fund (Dallas Morning News article: www.bit.ly/aSWemc). Armed with a larger marketing budget, real-world proof of concept, and savvy entrepreneurial advisors, CollegeJobConnect is expanding to 15 schools and opening up to all companies interested in recruiting undergraduates this coming fall.

Jeff and Paul are committed to helping both students and business connect. For further information please contact either Jeff Iacono D’05 at jeff@collegejobconnect.com, Paul Rosania D’05 at paul@collegejobconnect.com, or visit www.collegejobconnect.com to start recruiting!
I apologize. I was hoping to provide comments to the important *Bilski* case, but at this moment, the Supreme Court still has no decision for us. So instead, I decided to write about trademarks. You no doubt noticed my shameless twisting of the title of a popular movie in naming this article. The reason it jumped out at you, was that words are used universally to identify goods and services. This is called a trademark. In my practice as a patent attorney, only a small subset of the broader business community may need my services—mainly those who invent. But almost any business can benefit from a trademark of its own, and may also run the risk of winding up on the wrong side of a trademark lawsuit. Ominously, many businesses carry on their day-to-day operations under the threat of a trademark infringement suit by another trademark owner. One purpose of this article is to clarify common misconceptions about trademarks. At the basic level, a trademark represents a company’s brand and its goodwill. We are all aware of famous marks like Coca-Cola®, FedEx®, and Microsoft®. Indeed, these marks may be worth more to their respective owners than all their factories, planes, and computers. However, a quick perusal of the Trademark Office’s registration database reveals literally millions of marks that you may never have heard of. All of these marks represent someone’s brand and a potential pitfall for any competitor trying to sell products or services under the same brand or a confusingly similar one.

When a company launches a new product, service, or when it starts its core business, it usually does so under one or more trade names. Unfortunately, many companies do not bother to conduct trademark searches before they put up that first website. This is a big mistake. In my practice, I have been called by new clients who started a business with good intentions and a unique name only to find out later that the name was too close to that of another, competing company. In general, if your company uses a trademark that is likely to confuse its consumers relative to another company with a similar mark, then your company is potentially infringing that mark. It can result in damages, injunctions and other forms of pain that no startup or ongoing company wants to experience. Often, competing trademark owners do not bother to police their rights, or do not wish to spend the time and money, but you cannot count on this to protect you from infringement.

So, how do you protect yourself? Getting a good clearance search from a qualified trademark attorney can ensure you won’t be getting a nasty letter from an unfriendly law firm in another part of the country.

In conducting a clearance search, we first look for any marks that may already be registered in the goods and services that our client wishes to pursue. Then, our decision on whether a mark is clear to use requires a bit of educated judgment. If the mark is clear, the next step is usually to Federally register it for the client.
What is a registration? It is where a mark is filed with the United States Patent and Trademark Office. I should note that marks are actually protected before they are even registered under so-called common law rights. If your company starts using a mark that is otherwise clear, the mark should afford some protection under general legal principles. This level of protection is not as certain or as broad as a registered mark, but for many companies, their secondary marks are protected adequately using simple common law rights. Nevertheless, registration of your core business marks is always a good idea. Registration puts the public on notice that these are your marks and offers the full weight of protection by the Federal Government. By the way, the well-known “®” symbol can only be used with a registered mark. Those claiming only unregistered common law rights can use the unrestricted “TM” or “SM” (service mark) symbol to inform the world of their claim of trademark right.

So what kinds of things can be registered as trademarks? Generally, for most companies, a word or words describing the company name or a key product or service is its first line of trademark protection. In some instances, the words are combined with special fonts or logos. A word of caution, I often find that clients’ self-prepared trademark applications are filed with fonts and logos included. This is often a mistake, as it limits your protection version of the mark as it is actually presented. Begin filing with a block letter form unless protecting your logo is the primary goal. In certain cases other sensory information like package shapes (the Coke® bottle, for example), colors (pink insulation), smells (famous perfume scents), even sounds (the NBC chimes, for example) can be registered as trademarks as well. These are less common and typically require more work to obtain a registration.

I close with two important rules for any company starting a new business, product or service: (1) obtain a clearance before using a mark in your core business or any important product/service; and (2) consider registering any important marks with the U.S. Patent and Trademark Office. By following these two rules, your company will stay out of trouble while protecting its valuable goodwill.

Streaming Content on Entrepreneurial Topics Available

- Introduction to Entrepreneurship Course, Tuck School
- Advanced Entrepreneurship Course, second-year elective course, Tuck School
- Meet Dartmouth Entrepreneurs, Founders’ Forums, events, and courses held at Tuck School

Email sandy.rozyla@dartmouth.edu at the DEN to request a 60-day, password protected account.
Intel Challenge is looking for startup mentors!

We need to hear from you by June 28th...

Intel Corps.’ business plan competition organizers are looking for volunteers to mentor a Latin American or European startup this summer. The Intel® Challenge Europe is a regional business plan for university students in Latin America and Europe. The goal of Intel® Challenge Europe is to contribute to the entrepreneurial movement and help generate interest and development of technological projects with the potential to become major business opportunities. Student entrepreneurs compete for the chance to win cash and a trip to Silicon Valley to participate in the Intel®+Berkeley Technology Entrepreneurship Challenge (IBTEC) in November.

We are looking for entrepreneurs with knowledge of the US market and environment. A background in technology and life science startups preferable, but not necessary. All of the teams will be submitting business plans over the course of the competition. The commitment for mentorship will be about an hour a week throughout July and August for Latin America or throughout August for Europe, with the possibility of a longer commitment if the team went on to the finals. Mentors communicate with the startup team once a week via skype or a teleconference.

Intel® Challenge Europe is organized with the support of YouNoodle, a California-based company that provides a technology platform used by leading entrepreneurship clubs and university competitions worldwide. If you want to participate as a mentor, please contact Marlene Labastida D’07 by June 28th at marlene@younoodle.com.

Can you learn to be an entrepreneur?

Read the full Fortune article at:

www.money.cnn.com/2010/03/10/smallbusiness/entrepreneur_b_school.fortune/
Moving Information from Ordinary to the edge with motion graphics

My name is Michael Sacca and I am an imaging professional who has worked at Dartmouth for the last ten years producing video promotional pieces for the College. Of the many projects I've had the pleasure of working on at Dartmouth, one I most enjoyed was the production of the Introduction to Entrepreneurship video series at Tuck. I listened to Gregg Fairbrothers lecture in many classes and I've taken his teachings to heart—I'm leaving Dartmouth this summer and starting my own company, Michael Sacca Productions.

I see visual literacy evolving-FAST. There is a new paradigm for presenting information to prospective clients, investors, and consumers given birth by the web, advertising, SM, and texting. Images and words are melding as the need for fast, "at-a-glance" communication increases. Legibility counts.

The fact is digital video has gotten easier and cheaper to create, edit, and deliver. But that doesn't mean anyone can do it right and do it well. High production values translate to watchable and meaningful content. We are all familiar with the enticing titles of YouTube videos, only to surf-on once we see and hear the poor quality. Owning quality equipment and knowing how to use it matters.

Michael Sacca productions will focus on providing services to emerging startups by creating short video clips that put products and services in motion for clients to see.

I plan to reach out to the world of emerging businesses and I want to hear your ideas of what emerging companies need for motion graphics on their websites and in their presentations. I want to know how startups think video and motion graphics can work for their businesses. Now go further, imagine anything; it's possible. I want to push the power of image, text, and graphics to create a lasting message for businesses.

Let me close with an offer: From the responses I receive (closing on September 1, 2010), I will choose one emerging company within the New England area to work with (pro bono) to develop two short (1-2 minute) marketing clips ready to be loaded to the web. I expect the turn around to be three months. I am looking for a company with a product or service that needs to be seen in motion in order for a customer to really get it. And that company needs to be ready to toss preconceived notions aside to move information from the ordinary to the edge.

If you're interested in this offer, drop me a line, and let's get started. You can email me at mfsacca@sover.net or call me at 802.889.3210.
Section 409a was added to the Internal Revenue Code on January 1, 2005. However, as with many such regulations the actual “effective date” of 409a regulation was January 1, 2007. Since then, companies that grant deferred compensation, i.e. options, must comply with Section 409a.

Section 409a is very complicated and generally provides that deferred compensation must comply with various rules regarding the timing of deferrals and distributions. In most private company cases the main concern is not to fall under Section 409a by issuing qualified deferred compensation stock options at or above FMV (Fair Market Value) under “safe harbor” methods. IRS provides three “safe harbor” methodologies:

1. Independent Appraisal Presumption
   A valuation performed by a qualified independent appraiser, such as Greener Ventures, using traditional appraisal methodologies will be presumed reasonable if it values the stock as of a date that is no more than 12 months before the applicable stock option grant date. The key words here are independent, qualified and within 12 months. If these requirements are met, the burden is on IRS to prove the valuation was “grossly unreasonable.”

2. Illiquid Startup Presumption
   This methodology applies to private companies that are less than 10 years old, are not anticipating sale, IPO or change of control within the next 12 months and the stock is not subject to a put or a call right (this is not common for startups, but check with your attorney). If the CEO cannot be absolutely sure the company satisfies all these requirements, the company must use other valuation methodologies. Additionally, the valuation will be considered reasonable by IRS, if it is in written from, performed within 12 months of an option grant and performed by a person with significant knowledge and experience or training in performing similar valuations.

3. Binding Formula Presumption
   This valuation method must be based on consistent application of a single formula and used for all transactions, i.e. both for grant of stock and options, purchases or sales of stock to third parties, conversion of loans into stock, etc. The easiest way to understand this method is as a multiple of some tangible benchmark, such as Sales, EBITDA or Net Income.
When issuing options a private company must use one of the above three “safe harbor” methods to put the burden of proof on IRS. If the valuation is performed outside of “safe harbor” the burden of proof falls on a taxpayer. The penalties for Section 409a violations are severe and include immediate tax on vesting, additional tax of 20% and penalty interest.

Of the three “safe harbor” methods the most practical and advisable is the independent appraisal methodology. From our discussions with corporate attorneys over 70% of VC or angel backed startups currently use independent appraisal method. The others either ignore the issue or conduct the internal valuation.

The simplest and cleanest solution to 409a is to hire an independent qualified valuation expert to perform FMV analysis and write a valuation report. Working with an independent qualified firm that knows how to value your unique business can be critical to obtaining a supporting valuation. At the very least a private company should obtain a person with significant knowledge and experience or training in performing similar valuations to conduct an internal FMV valuation and write a valuation report.

About Greener Ventures, LLC

Greener Ventures is a leading provider of IRC 409A and ASC 505/718 (previously FAS 123R) valuation services to growing private companies. Greener Ventures has performed numerous 409a valuations since Section 409a was added to the Internal Revenue Code over five years ago. We work with leading law firms, accountants, venture capital firms and their portfolio companies. Big Four accounting firms such as Ernst & Young and leading regional accounting firms such as Tanner LC endorsed our 409a valuations.

For more information on Section 409a and other valuation and advisory services, please contact Greener Ventures, LLC at info@greenerventuresllc.com or call 801-502-8859.
**Q** How do I self-insure?

I've heard that companies often save money on employee health insurance by paying smaller claims directly. That sounds interesting, but how does it actually work? Will doctors and hospitals agree to send their bills to us?

**MIKE**

When companies self insure, they arrange for an outside firm—typically an insurance company that's already dealing with doctors, hospitals, and labs—to administer the program. The administrator pays all the bills and then submits a consolidated bill for payments and processing fees.

This arrangement works best if you have healthy employees who ordinarily spend much less on medical expenses than you'd pay for conventional insurance. You can also buy regular insurance coverage that kicks in for large medical expenses (say, in excess of $20,000 per year per employee).

**Q** How do I show the asset value of a user group?

We have an active user group community that lowers our tech support costs and indirectly generates sales. I think of this community as one of our most valuable assets and I'd like to quantify that value to a potential buyer. The only hitch is that we don't actually own the user group. Suggestions?

**MIKE**

From a buyer's perspective, the value of an asset lies in its ability to generate revenues and profits. You don't "own" your sales reps, for example, but a high-performing sales organization certainly adds to the price you'll get when you sell your company. Similarly, the value of your user community will be reflected in your sales revenues, lower support costs, higher renewal rates, and even product quality (if your users are suggesting desirable enhancement ideas).

Of course, buyers also take into account any risk factors that might reduce your future revenues. Often, an acquired company loses its original identity, and the user community becomes less enthusiastic or even disbands. If that's part of the buyer's strategy, you can expect the value of your user community to be seriously discounted.
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