

VENTURES

QUARTERLY NEWSLETTER FOR SMALL, MINORITY- AND WOMAN-OWNED BUSINESSES

Breaking Out of the Small Business Model

Second Annual Emerging Business Forum Focuses on Collaboration as Key to Success

By Vicki Serraino, Fairfax County Economic Development Authority

The second annual Emerging Business Forum drew almost 300 attendees to Fairfax County for 2 1/2 days of presentations and networking opportunities. The Fairfax County Economic Development Authority (FCEDA) created the forum geared to minority and female entrepreneurs doing business in an increasingly competitive marketplace.

Like last year's inaugural event, EBF2002 (held at the Fairview Park Marriott, October 20-22) focused on the mandate of creating long-term partnerships between established businesses and emerging enterprises. "Building Bridges, Breaking Barriers"—the theme of the Emerging Business Forum—took on greater significance at this year's conference, where the overriding message in session after session was the need for today's emerging businesses to focus on collaboration and relationships.

"All big businesses started as little businesses," said Sounia Nejad Chaney (president and CEO, ChainLink Networking Solutions) in one panel discussion. Like others sharing the podium with her, Chaney said one of the main keys to her success was her ability to build a name for herself by building relationships with her clients. "It doesn't matter how many cards you have in your Rolodex; your clients need to know who you are."

Succeeding in tough economic times is particularly daunting for emerging businesses, and many of the EBF2002 sessions focused on practical strategies for gaining footholds in potentially lucrative but complex markets such as the federal government. As a matter of fact, this year's forum featured a number of presentations dealing specifically with procurement issues—from a session on "Business Opportunities with Homeland Security" to another on "Successfully Emerging from the 8(a) Program."

Calling the federal market "extraordinarily challenging" for any business to navigate, Fred Pang (president and CEO, ViStar) noted that the challenge is even greater for emerging businesses. [The federal

market] "is a very competitive environment, and you must be able to compete no matter what your certification is. Know what you're good at doing. Be the 'go to' company for your particular product or niche. . . . and once you're in, you must deliver. As an emerging business, you cannot afford to fail; you cannot afford to deliver a mediocre product."

Addressing the other side of the procurement equation, Jean Baderscheider (vice president, head of procurement, ExxonMobil) told attendees that "price is not the only issue in procurement." She said large corporations look for suppliers who run their businesses with integrity and excellence as their cornerstones.

Many speakers emphasized similar strategies. In a presentation about doing business in Virginia, Chuck Mills (director, Virginia Department of Business Assistance) said for minority and woman business owners, "you must be the very best in order to compete. . . . You must be over-prepared and overly qualified." According to Mills, the best way to learn how to run a successful business is by constantly learning, researching, and absorbing information. "Find mentors," he suggested.

Mentorship is a main goal of the Emerging Business Forum, which actively fosters mentoring relationships through its Executive Advisory Program. The program, which debuted at last year's conference, is managed by Deloitte & Touche.

Deloitte & Touche director Macon Ware described the program, which pairs advisees from young companies with advisors from more established firms in a structured, mutually beneficial one-year relationship. The program, Ware said, "celebrates the achievements of diverse entrepreneurs and contributes to their growth and success." He introduced two advisor/advisee pairs who took part in the program last year and asked them to share their thoughts on the mentoring process.

"The Executive Advisory Program transformed my company," said Thomas Kim (CEO, Silver Method), who was paired with Steve Mandell (senior partner, Pepper Hamilton). "I have a tremendous amount of



Top, left: Jean Baderscheider (vice president, head of procurement, ExxonMobil); top, right: Jim Dyke (chairman of the Emerging Business Forum and partner, McGuireWoods, LLP); bottom, left to right: Dennis Roberts (chairman, McLean Group), Bill Cabrera (president, Lord and Company), Thomas Kim (CEO, Silver Method), and Steve Mandell (senior partner, Pepper Hamilton, LLP).

respect and admiration for my advisor," Kim said. He described how Mandell's business expertise helped Kim's web design business "evolve" over the course of one year, his client base expanding from two to 20 clients in just 12 months.

Mandell expressed his appreciation for Kim's hard work and preparation in making the advisor/advisee relationship enjoyable and worthwhile for both parties. "We got off to a great start," he said, "and we are going to continue on a voluntary basis to keep the relationship going."

Dennis Roberts (Chairman, McLean Group) told attendees that he and his advisee Bill Cabrera (President, Lord and Company) also planned to continue their professional relationship now that they've completed their stint in the Executive Advisory Program. "I have truly enjoyed the program," Roberts said. "There is a regenerative aspect to mentoring that I like."

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Document Retention Policies The New Business Necessity

By Joseph D. Grandinetti, Jr., Founder of Technology Counselor™

Because of the proliferation of electronic devices, the ever-decreasing cost of storage media and the expanding use of e-mail, businesses have experienced an explosion of electronic documents and data. Added to paper documents, this information can become an impediment to efficient business operations, a potential time bomb in the event of litigation, and a business continuity disaster if lost—not to mention that information needs to be purged from time to time.

What is a business to do? Answer: Develop and implement a well designed and consistently enforced Document Creation, Retention and Destruction Policy.

What does the policy do?

It sets guidelines for creating, storing, using, retaining and purging documents created by company employees or with company office equipment. It identifies the specific devices on which business documents are to be created and what documents are to be created. It also provides rules for retaining documents and action to be taken upon the occurrence of specific events.

Why have a policy?

Recent events alleged corporate malfeasance and the willingness of courts to impose sanctions for failure

to produce documents during litigation, have made a valid, consistently enforced policy a necessity for every business.

By establishing rules for storage, records can be more easily backed up, located and produced as needed. The less time spent looking for records, the more efficient the business operations. The better documents are organized and the more frequently records are backed-up, the more likely a business can continue in the event of catastrophe. In the event of litigation, the more easily documents can be located and produced, the more efficiently the litigation can be resolved.

How is the policy developed?

Weeks, months and years of operations create an enormous amount of data. It needs to be located, categorized and appropriate action needs to be assigned. Designing and implementing a policy involves a number of steps and a commitment of time and money.

First, the amount and extent of documents and data must be determined. Data accumulates rapidly and exists in numerous locations. Deleting electronic data does not really delete it and electronic documents are easily shared and transferred. Employees use many different types of electronic devices to create, receive and store information. Information may have been created on, or downloaded to, home computers. Different operating systems may have been used. Paper records may be stored at many locations, and may or may not be organized. A thorough audit must be completed.

Then the research must be gathered and an outline of the proposed policy must be produced. Next, the policy must be finalized and implemented. This involves disseminating the policy and training employees on how it is to be followed.

Finally, in order to be a valid policy, it must be enforced. There must be periodic audits to ensure that the policy is followed consistently.

Courts have been quick to enter judgments and impose monetary sanctions against businesses that fail to produce documents or that have destroyed documents where their document policies are found to be lacking. In one case, a \$1 million sanction was imposed. In the Enron/Arthur Andersen matter, criminal charges were brought where documents were destroyed during the onset of litigation.

Who can develop and implement the policy?

While employees, IT professionals and attorneys can develop and carry out the policy, a consultant can smooth the process by coordinating all parties involved, overseeing the necessary tasks, keeping the process on schedule and giving unbiased advice.

Why now?

An American Bar Association survey conducted by PricewaterhouseCoopers in May 2000 asked litigators whether their clients had an established protocol for handling electronic discovery requests. Amazingly, 83 percent said no, and 70 percent of the same group said they expected electronic discovery in litigation to increase dramatically in coming years.

Every day that goes by produces more and more data. Unless a business has policies to organize and deal with it, the more difficult the process will be at a later date.

Other issues include using digital imaging and controlling employee e-mail—all of which need to be incorporated into the policy. Because document policies have become a necessity, a good New Year's resolution would be to develop and implement a policy for your business. ■

For more information see <http://members.cox.net/TechnologyCounselor> or contact Joseph D. Grandinetti, Jr. at 703-218-4199 or by e-mail at TechnologyCounselor@cox.net.

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The Fairfax County Economic Development Authority (FCEDA) is an independent authority created under state law, operating under the direction of seven Commissioners appointed by the Fairfax County Board of Supervisors. Its activities are funded by Fairfax County.

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The FCEDA assists businesses interested in locating, relocating or expanding their commercial office or industrial operations in Fairfax County. FCEDA's services are available on a confidential, no-cost basis.

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For his part, Cabrera said that "one of the most valuable aspects of the relationship was Dennis' depth of knowledge. . . he helped me do a lot of soul-searching and avoid some major mistakes" as he prepared his 20-year-old company for graduation from the 8(a) program.

Last year, 40 companies participated in the Executive Advisory Program. That number, according to EBF director John Townes, is expected to reach 60 or more participants this year. "This is really our marquee program that continually builds relationships and business opportunities for advisors and advisees," Townes said.

For its role in coordinating the Executive Advisory Program, Deloitte & Touche received a sponsor appreciation award presented at an awards luncheon on the final day of the forum. The FCEDA also received a sponsor appreciation award for its role in creating and developing the forum. (See sidebar for a list of award winners.)

"Fairfax County is the American melting pot of the 21st century, and the Emerging Business Forum helps us promote Fairfax County as the place for business people of all backgrounds to realize the American Dream," said Gerald L. Gordon (President and CEO, FCEDA). ■

Emerging Business Forum Award Winners

• Federal Government Award:

U.S. Department of Commerce

• Champion Awards:

(awarded to companies that embody the spirit of the Emerging Business Forum by forging relationships with established companies)

- NW Systems, Inc. (Largo, MD)
- The Jarr Lynch Companies (Washington, D.C.)
- Networking Technologies and Support (Richmond, VA)

• Chairman's Award:

Fairfax County Economic Development Authority

• Sponsor Appreciation Awards:

- Deloitte & Touche
- McGuireWoods LLP

Business Startups Get the Support They Need in Fairfax County

By Judy Costello Pearson, Executive Director, Century Club

Northern Virginia businesses can get in put about their business plans and coaching on their business investment presentations through a unique program headquartered in Fairfax County: the Century Club Grubstake Breakfast® program. The Fairfax County Economic Development Authority (FCEDA) is a major sponsor of this program, which enables selected area firms to present their business investment opportunities to investors and potential strategic partners.

The Century Club Grubstake Breakfast® series was initiated by volunteer members of the Century Club of GMU, Inc.—a business-education partnership organization affiliated with George Mason University (GMU). One of the longest running programs of its kind in the country, it began in 1988 as an angels breakfast designed to connect Century Club member-investors with GMU's Entrepreneurship Center clients.

Through the years, the program has grown along with the number of emerging businesses and the amount of investment capital available in northern Virginia. The Century Club Grubstake Breakfast® program now is a quarterly networking and investors event that attracts dozens of presenter applications and 200 attendees to each breakfast. It is a partnership activity with the GMU's Mason Enterprise Center and with university's business and engineering schools. The goal of the program continues to be to foster alternative funding opportunities for early stage companies and provide business development and educational opportunities for Century Club members and George Mason University partners.

At each quarterly Century Club Grubstake Breakfast®, five selected companies seeking \$250,000 to \$1 million in investment capital present their business investment

opportunities. These companies benefit from the exposure and networking opportunities they receive with the breakfast and from feedback they receive during the due diligence and presentation coaching sessions with Century Club volunteers. Companies not selected to present also have the opportunity to receive feedback from Century Club volunteers regarding their application and business investment opportunity by phone and/or in separate coaching sessions. This year, FCEDA Capital Attraction Manager Rodney Lusk is co-leader of the Applicant Assistance Committee responsible for this feedback.

A recent study of past Century Club Grubstake Breakfast® presenters showed that one in four companies received funding after they participated in the program. Many applicants credited the exposure from the program and the connections made during the event with helping them to grow their business. Companies seeking to present at one of the breakfasts are invited to complete the application form available online (www.centuryclub.org/grubstake.html) and submit it with the \$75 application fee to the Century Club office by the appropriate deadline dates.

Five companies are selected to make presentations each quarter. The selection committee is comprised of Century Club members who volunteer their time and expertise to the program. Preference goes to northern Virginia area technology companies with proprietary products/services. Retail firms and professional service companies typically are not considered. During recent years, fewer seed-stage companies have been selected, with more applicant companies able to show product and/or revenue making the final cut. Small, minority and woman-owned businesses fitting the program's parameters are encouraged to apply. Companies selected to present are required to pay a \$300 presenter's fee to



Left to right: Century Club members Zim Putney (Nexgen Capital), Kathryn McGeehan (Marketwise) and Rich Klimoski (GMU School of Management) at a recent Grubstake event.

contribute to the costs of the event, and to attend a coaching orientation session before the event. The next breakfast is scheduled for February 20, 2003. The application deadline is January 8, 2003.

The FCEDA is a sponsor of the Century Club Grubstake Breakfast® program. Other sponsors are Cisco Systems, the Telecommunications Development Fund, the Virginia Center for Innovative Technology and key service providers in the emerging business market with offices in Fairfax County including Deloitte and Touche, Ernst & Young LLP, Hale & Dorr LLP, KPMG LLP, Latham & Watkins, Morgan Lewis & Bockius LLP, Piper Rudnick, PricewaterhouseCoopers LLP, Reed Smith LLP, United Bank and Venable LLP. ■

For more information about the Century Club Grubstake Breakfast® or the Century Club of George Mason University, Inc., visit www.centuryclub.org or contact the Century Club office at 703-761-3141, centuryclub@centuryclub.org, fax: 703-761-1219.

FYI . . .

. . . The 8th Annual **Black Enterprise/Microsoft Entrepreneurs Conference** is scheduled for May 14-18, 2003, at the Gaylord Opryland Resort in Nashville, Tennessee. For more information, call 800-543-6786 or visit www.blackenterprise.com.

. . . The **U.S. Small Business Administration (SBA)** and **Staples, Inc.**, are co-sponsoring a free, interactive email newsletter, *SBA Solutions*, which will provide small business owners with the latest news and information on the U.S. Small Business Administration's loan programs and services. The inaugural edition of *SBA Solutions* made its debut in September. For a free subscription to the *SBA Solutions* newsletter, visit <http://web.sba.gov/list>.

The SBA also is co-sponsoring the **Small Office/Home Office Loan Initiative** with the SBA Washington Metropolitan Area District Office, Innovative Bank, the Service Corps of Retired Executives (SCORE) and the Small Business Development Centers (SBDC) network. Under this initiative, eligible business owners be able to obtain a loan and receive technical assistance from SCORE and SBDC business counselors. SBA will guarantee up to 85 percent of the loans.

In other SBA news, **Allegra McCullough** was recently appointed the SBA's Regional Administrator for Region III. This area includes the District of Columbia, Maryland, Virginia, Pennsylvania, West Virginia and Delaware. Prior to the appointment, Ms. McCullough was the Director of the Virginia Department of Minority Business Enterprise. For more information, visit www.sba.gov.

. . . The Workforce Services division of the **Virginia Department of Business Assistance** has launched the Small Business New Jobs Program, a pilot program that supports existing for-profit Virginia companies that have been in operation in Virginia for a minimum of one year prior to application date and have 200 or fewer employees companywide. To qualify for assistance under the Small Business New Jobs Program, companies must meet the following criteria:

- Companies must create between five and 24 new jobs prior to June 30, 2003, and make at least \$100,000 in new capital investment;
- A minimum entry-level wage rate of \$8.00 per hour is required. In areas that have unemployment of two times or more the state level, this wage minimum may be waived. Only full-time jobs are eligible for funding.
- The program supports Virginia businesses not engaged in retail.

For more information about this program call 804-371-8137 or visit www.dba.state.va.us.

Doing Business in Fairfax County

The **Fairfax County Economic Development Authority (FCEDA)**, in partnership with the **Virginia Department of Business Assistance** and the **U.S. Small Business Administration (SBA)**, will conduct monthly workshops for anyone interested in starting a business in Fairfax County.

The workshop covers start-up information (licenses and permits), Virginia Department of Business Assistance workforce service programs and training information, and an overview of the SBA's resources for financing and certification. The workshops are held the first Tuesday of each month. There is no cost to attend, but pre-registration is required.

In addition to the "Doing Business in Fairfax County" workshops, the FCEDA will provide small business counseling services through an arrangement with the Service Corps of Retired Executives (SCORE), a U.S. Small Business Administration initiative. A SCORE counselor will be available the first Friday of every month at the FCEDA office in Vienna, Virginia. Appointments are required to meet with a SCORE representative.

For more information, to register for the workshop or to schedule an appointment with a SCORE counselor, please call 703-790-0600 or email info@fceda.org.

NEW TECHNOLOGIES

Fairfax BioAccelerator Targets Entrepreneurs First Minority-Owned Client Company Accepted

By Lisa Smith, Senior Executive, ANGLE Technology

The Fairfax County BioAccelerator in Springfield is an innovative business development resource for entrepreneurs managing early-stage companies in the converging areas of life sciences and information technology. The BioAccelerator program will be a catalyst for the growth of the life science community in Fairfax County and northern Virginia. It also will contribute to the development of a new employment base for the Springfield community and further diversify the Fairfax County economic base.

The Fairfax County Economic Development Authority (FCEDA) retained a Fairfax-based international venture management firm, ANGLE Technology to design, launch and manage the new BioAccelerator program.

The program targets early-stage companies studying and using information in health care areas such as genomics, proteomics, molecular design, combinatorial chemistry, and clinical informatics. It also targets companies working in disease research, drug discovery, drug development and clinical trials/research.

These companies can be start-ups with existing grants or initial contracts, academic/institute spin-offs, early stage companies including ongoing investor-funded entities or existing corporate diversification projects or initiatives. Client companies can be domestically or internationally based. Three US companies and one foreign-owned firm have been accepted into the BioAccelerator program:

- **Digital Reasoning Systems** is a software company that has developed concept mining and analytical linking technology readily adapted to biomedical informatics. The company expects

early involvement with healthcare practitioners and pharmaceutical companies to support real time drug effects surveillance, discovery and outcome predictability. (www.digitalreasoning.com)

- **HealthRx Corporation** is a software development company using advanced high dimensional data mining techniques in the analysis of biomedical image and signal data. Several analytical tools are under development. (www.healthrx.com)
- **SmartBead Technologies Ltd.** is a biotechnology company based in Cambridge, England, that barcodes micro particles for simultaneous testing. The SmartBead product will provide pharmaceutical clients with a range of quality, cost effective assay solutions that will speed time to market for new chemical compounds. SmartBead won this year's FCEDA U.K./U.S. incubator competition and will receive a year's free space in the BioAccelerator. (www.smartbead.com)
- **Health Technomics, Inc.**, is the first woman and minority-owned company in the BioAccelerator program. Health Technomics is developing innovative computer-based nutrition enhancement and education tools. The company will participate initially as a virtual client.

The BioAccelerator is designed to house 10-12 resident companies, with participation from additional companies on a non-resident, or "virtual" basis.

The ANGLE Technology team works with each client company to develop its own tailored program of business support. Services range from defining appropriate



The Fairfax County BioAccelerator in Springfield, Virginia.

business models and business planning, to hands-on assistance with sales and marketing management, commercialization and financing. Companies pay a monthly membership fee for services, including office space.

The 7,5000-square foot BioAccelerator offers companies furnished offices with high-speed bandwidth telecommunications, conference facilities, on-site reception services and access to wet lab facilities. The BioAccelerator is located near the Franconia-Springfield Metro station and the Northern Virginia Community College medical education campus that is scheduled to open in late 2003. ■

For more information, including BioAccelerator program application, contact Lisa Smith at 703-748-7133 and by email at LSS@ANGLETechnology.com, or visit www.fairfaxbiotech.biz.

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